



NU-OIL AND GAS PLC
AIM ticker: 'NUOG'

26th January 2017

NU-Oil and Gas plc **("NU-Oil" or "the Company")**

COSL Drilling Pan Pacific Limited signs up to secure projects

Highlights

- Marginal Field Development Company (MFDevCo) Ltd ("MFDevCo"), in which NU-Oil holds a 50 per cent. interest, executes a collaboration agreement with COSL Drilling Pan Pacific Limited ("CDPL"), a major drilling contractor, to work with MFDevCo to secure marginal field projects
- The agreement envisages delayed invoicing and payment terms that, in certain circumstances, will delay a significant portion of the cost of drilling until after the production of hydrocarbons
- CDPL is the international branch of China Oilfield Services Limited ("COSL"), in turn, a majority owned subsidiary of China National Offshore Oil Corporation ("CNOOC Group")
- Collaboration on additional services being discussed with sister companies of CDPL

NU-Oil is pleased to announce that MFDevCo, the company in which NU-Oil holds a 50 per cent. interest as part of its strategy to generate a portfolio of assets, has entered into a collaboration agreement with CDPL with the objective of securing projects more cost-effectively, earlier and with less upfront capital.

CDPL, headquartered in Singapore, operates a fleet of 8 high specification jack-up drilling rigs and is the international branch of COSL, the leading integrated oilfield services provider in the offshore China market with core business segments including geophysical services, drilling services, well services, marine support and transportation services. The collaboration agreement allows MFDevCo to work on a 'one stop shop' basis with CPDL, as a partner in the Marginal Field Delivery Consortium ("MFD Consortium"), to access the entire range of services and increase efficiencies, with CDPL offering beneficial commercial terms that should expedite MFDevCo's entry into projects and facilitate earlier development.

Specific details of the commercial arrangement will be agreed on a project by project basis, to allow project-specific timelines and conditions to be accounted for. However, in general terms, CDPL have committed to offering delayed invoice and payment terms to MFDevCo which, in certain circumstances and on terms mutually agreed, will have the effect of deferring a significant portion of the cost of the rig until after hydrocarbon production has commenced. In other respects, the arrangement will reflect normal industry terms, but the commitment made by CDPL will allow MFDevCo in turn to make commitments on certain work required to secure access to projects at an



earlier stage than would otherwise be possible and having raised significantly less capital prior to commencement.

In return for the commitment they are making, CDPL will have the exclusive first option to provide drilling and other core COSL services on projects that MFDevCo enters into, provided that there is no conflict with existing members of the MFD Consortium and that acceptable terms structured as outlined above can be agreed. This therefore forms the basis for a long term working relationship with the potential for increasing efficiencies in service provision and working practices going forward.

In addition, MFDevCo and CDPL have agreed to investigate the possibility of additional services (potentially including fabrication) being provided, through CDPL, by sister companies, where such services can be offered on competitive terms and no conflict exists with other members of the MFD Consortium.

Alison Pegram, Managing Director of MFDevCo, commented, **“Signing this agreement with CDPL is a major milestone for us as we move to complete negotiations on our initial target projects. The marginal field projects that we are focusing on are particularly well suited to this type of commercial arrangement, as there is no exploration risk, and CDPL, in this case, are therefore able to defer receipt of certain elements of their revenues with confidence. This agreement demonstrates what is possible, when working with innovative and committed partners, and we will continue to consider all opportunities to work in different ways where doing so advances projects and benefits all those involved.”**

Dr. Nigel Burton, CEO of Nu-Oil and Gas plc, commented, **“We are delighted that MFDevCo has entered into this agreement with CDPL. It further demonstrates to operators MFDevCo’s capability to create the complete solution which is necessary to secure projects.”**

COSL Drilling Pan Pacific Limited

CDPL is the international branch of COSL for the Jack-up Division and operates a fleet of 8 high specification jack-ups.

COSL is the leading integrated oilfield services provider in the Asian offshore market and a majority-owned subsidiary of the CNOOC Group. Its services cover each phase of offshore oil and gas exploration, development and production. Its four core business segments are geophysical services, drilling services, well services, and marine support and transportation services.

COSL as a whole possesses the largest fleet of offshore oilfield services facilities in China. To date, COSL operates and manages thirty-three jack-up rigs, twelve semi-submersible rigs and five modular rigs, 2 accommodation rigs and 6 land drilling rigs.

In addition, COSL also owns and operates the largest and most diverse fleet in offshore China, including more than 130 working vessels, 3 oil tankers, 5 chemical carriers, 9 seismic vessels, 4 surveying vessels, and a vast array of modern facilities and intrinsically developed and patented equipment for logging,



drilling fluids, directional drilling, cementing and well work-over services, including FCT, FET, LWD and ERSC.

Enquiries:

NU-Oil and Gas plc

Alan Minty, Executive Chairman

Tel: +44 161 817 7460

Nigel Burton, CEO

Tel: +44 7785 234447

Strand Hanson Limited

Rory Murphy/Ritchie Balmer

Tel: +44 20 7409 3494

Beaufort Securities Limited

Tel: +44 20 7382 8300

Jon Belliss

Elliot Hance

St Brides Partners Limited

Tel: +44 20 7236 1177

Elisabeth Cowell

Lottie Brocklehurst

www.nu-oilandgas.com

Note to Editors:

NU-Oil and Gas plc is an independent oil and gas company whose strategy is to build a diverse portfolio of assets with a strong emphasis on acquiring interests in stranded and marginal fields.

These fields are low risk highly-appraised projects and consequently the Company's entry cost will be low. NU-Oil will look to develop these assets utilising solutions delivered by Marginal Field Development Company (MFDevCo) and the MFD Consortium, which can significantly improve the development economics of a project. This is also expected to enable the early booking of reserves.

MFDevCo is a company focused on identification, evaluation and development of marginal offshore oil and gas fields through the development of technology that licence holders need to unlock the, potentially, significant value within such marginal assets. MFDevCo leads a consortium of specialist companies (the MFD Consortium) which collaborate to develop marginal fields.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").