



NU-OIL AND GAS PLC

AIM symbol: 'NUOG'

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

Production Sharing Agreement with PVF Energy Services Inc. to resume operations on PL2002-01(A) in Newfoundland, Canada

HIGHLIGHTS

- The Company has concluded, via its wholly owned subsidiary Eneji Oil Inc., a Production Sharing Agreement with PVF Energy Services Inc. ('PVF') for PL2002-01(A) (the 'Agreement').
- The Agreement provides for the Company to receive 50% of net revenue from production following the recovery of any costs incurred by PVF in performing its obligations under the Agreement.
- The term of the Agreement is 5 years and PVF will cover all costs associated with an agreed work programme to restore production from PL2002-01(A) (the 'Work Programme')
- In addition to PVF providing 100% of the funding for the Work Programme it will also fund 100% of ongoing operations on PL2002-01(A) in exchange for 50% of revenues from production following the recovery of its costs in accordance with the Agreement ("Net Revenues").
- The Work Programme will consist of two stages, with a coiled tubing or wireline operation followed by a workover to recompleting the well and insertion of an artificial lift system.
- PVF has created a consortium of engineering and services companies to complete the Work Programme. The consortium includes Ecan Energy Services Inc. ("Ecan") and Innovative Development Design Engineers (IDDEL) Ltd.
- Ecan Energy Services have stored their Rig #3, an XJ400 workover rig at Stephenville, approximately 50km from the PL2002-01(A) wellsite and it is expected that this will be used to undertake the Work Programme, subject to availability.
- It is planned that the Work Programme will commence once suitable weather conditions arrive and all regulatory approvals are granted, likely to be in Q2 2017.
- The Agreement also allows PVF to drill additional wells. Both parties expect to negotiate a farm-in agreement to cover this scenario in the near future.

NU-Oil, the independent Oil and Gas Company, is pleased to announce that it has concluded an Agreement with PVF over onshore petroleum lease PL2002-01(A) in western Newfoundland, Canada.

PVF will conduct a Work Programme, the aim of which is to restore production from PL2002-01(A). The Work Programme will consist of two phases, with the first phase involving coiled tubing or wireline operations to clean up the well and mill out a physical obstruction in the completion that has been restricting flow. The well will then be flowed for a period anticipated to be between 15 and 30 days to allow for reliable analysis and evaluation of the resulting production. Subject to satisfactory results, a rig will be mobilised to site to undertake the second phase of the Work Programme, which will include recompleting of the well and installation of an appropriate artificial lift system.

The Work Programme will be led by Brian Hickey of PVF and Robert Wainwright of Ecan Energy Services. They will be supported by Mike Granger, a completion and production engineer with 32

years' international experience, who has detailed knowledge of well completions (both vertical and horizontal), well stimulations and artificial lift technology. Mike brings significant skills in various completion techniques, production surveillance, production optimisation and production enhancement. His previous experience includes the Bakken Shale multi-stage horizontal well completions/fracture stimulations and production enhancement of CBM wells in the Raton Basin of New Mexico/Colorado, Black Warrior Basin of Alabama and Powder River/Green River Basins of Wyoming as well as the Surat and Bowen Basins of Australia.

PVF lead a consortium of engineering service companies who are contributing to the completion of the Work Programme. The consortium includes:

- PVF Energy Services Inc - an oil and gas consulting firm based in St. John's, Newfoundland. PVF provide oilfield development, procurement services, drilling, completion and work over engineering in addition to wellsite field supervision services for oil and gas operations.
- Ecan Energy Services Inc. – an Ontario based company well servicing company. Ecan provide workover rigs, pumps, tanks, blowout preventers, accumulators and well site supervisors.
- IDDEL Engineering Ltd (“IDDEL”) - a Canadian professional engineering consulting firm specialising in mechanical, electrical and environmental engineering and project management. They also provide professional services in advanced architectural visualisation and animation and computer graphic 3D modelling.

PVF are currently concluding discussions with two further parties who will also form part of the consortium and provide complementary services. It is expected these discussions will be finalised within the next two weeks.

In order to perform elements of the Work Programme, a workover rig will be required, which will be provided by Ecan. Rig #3, an XJ400 rig is currently being stored at Stephenville and it is expected that this rig will be used, subject to availability. The parties are awaiting appropriate weather conditions and regulatory approvals for the Work Programme to commence. It is planned that the Work Programme will commence in Q2 2017.

The Company has agreed to increase PVF's share of Net Revenue to 50% from 40% to accommodate an enlarged and more comprehensive Work Programme than that originally envisaged, which will now include the design and implementation of a high specification artificial lift system.

Pursuant to the Agreement, PVF have the right to drill new wells on the field. Both the Company and PVF expect to conclude a farm in agreement to cover this scenario in the near future.

PL2002-01(A) targets the Garden Hill Field Trend, which is a proven hydrocarbon bearing accumulation beneath the Port-au-Port peninsula in Western Newfoundland that is estimated, based upon internal reservoir models, to contain between 83 and 341MMBO in-place, increasing to between 136 and 591MMBO when considering the mapped offshore extent. PL2002-01(A) covers an area of 16km² and holds between 21 and 97MMBO of this total. Initially discovered in 1994 with the “PAP#1” well, the conventional Lower Ordovician, Aguathuna Formation reservoir has since been penetrated by three appraisal side-tracks, which support the theory that reservoir productivity is linked to hydrothermal alteration. Extensive testing at the Garden Hill Site observed a lack of pressure depletion, indicating that a minimum connected volume in excess of 100 million barrels of oil is present.



Nigel Burton, CEO of NU-Oil, commented:

“The Company is delighted to execute a full Production Sharing Agreement with PVF. Not only does the agreement provide new investment with the aim of achieving production and therefore revenue for NU-Oil from the Garden Hill Field, but it also ensures that the Company should no longer have any material costs from its Canadian operations.”

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Qualified Persons

The information in this release has been reviewed by Professor Mike Bowman, a Non-Executive Director of NU-Oil and Gas plc. Mr. Bowman was the President of the Petroleum Exploration Society of Great Britain in 2012 and has over 30 years' experience in the petroleum industry

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.

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").