NU-OIL AND GAS PLC
AIM ticker: NUOG

21 December 2017

Nu-Oil and Gas plc

("Nu-Oil" or "the Company")

Audited Results for the year ended 30 June 2017

Nu-Oil, the independent Oil and Gas Company, today announces its audited annual results for the year ended 30 June 2017.

HIGHLIGHTS

Building a portfolio of Stranded Fields

- Continuing focus on the development of stranded and marginal fields through the investment in, and relationship with, Marginal Field Development Company (“MFDevCo”) Ltd. in which the Company holds a 50% interest.
- Strategy focused on utilising engineering solutions that reduce both Capex and Opex and are redeployable to build a portfolio of low risk, highly appraised marginal assets.
- The Company is actively seeking new assets in conjunction with MFDevCo.

Western Newfoundland

- The Company entered into a Production Sharing Agreement (the “PSA”) with PVF Energy Services Inc. (‘PVF’) for PL2002-01(A) on 31 January 2017. The PSA 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.
- Operations have commenced on PL2002-01(A) and the Company awaits the results.
- An Option Agreement was signed with G2 Energy Corp (“G2 Energy”) whereby G2 Energy has an exclusive option to earn 100% of the Company’s working interest in the Deep Rights on EL1070, with the Company’s wholly owned subsidiary, Enegi Oil Inc., retaining a 5% gross overriding royalty should the option be exercised.
- The transactions above allow for the Company to concentrate its efforts on the acquisition of a marginal field portfolio in conjunction with MFDevCo while costs in western Newfoundland are minimised but activity advanced.

Financial

- Loss before tax for the year was £1,671,000 (2016: £816,000). The main area of expense has been the continuing development of the foundations for the marginal field initiative. Management continued to significantly cut costs in western Newfoundland but increased its expenditure with respect to the implementation of the marginal field strategy. The loss included depreciation charges of £367,000 in the period relating to intangible assets consistent with its accounting policies.

- The Group has a net liability position of £1,880,000 (2016: £3,239,000). The net liabilities mainly relate to the loan owed to Shard Capital Management ("Shard") and to related party creditors. At this time neither Shard nor related parties have sought to recover these debts and it is expected that they will continue to support the Group.
- The Group had cash balances of £654,000 at 30 June 2017 (2016: £nil).
- The status of commercial discussions on a number of projects and the Company's current cash position provide management with the confidence that the business model has the potential to allow the Group to satisfy its liabilities and operate as a going concern.
- During the year, the Company raised £3,357,000 (before expenses of £328,000) through the issue of new ordinary shares.
- Post year end, in July 2017, the Company raised £1,419,000 (before expenses of £110,000) through the issuance of new ordinary shares in a placing and through the exercise of warrants.

OUTLOOK

- Clear focused strategy for commercialising stranded and marginal fields.
- Recent enquiries provide directors and management with confidence regarding the viability of the business model and provide confidence that the Company can add further projects to its portfolio.

Alan Minty, Executive Chairman of Nu-Oil, commented:

"We are pleased with the strong recovery of the Company over the last 12 months which in no small part is down to the continuing support of shareholders for which we are grateful. New investment has reinvigorated our assets in western Newfoundland and we look forward to the results of the operations that are currently being conducted. The funds we have raised over the last 12 months have enabled us to stabilise the Company and put more effort into our marginal field strategy from which we expect to see tangible results in 2018."

The Annual Report and Accounts for the year ended 30 June 2017 and the notice of AGM will be available to download from the Company's website at www.nu-oilandgas.co.uk and both documents will be posted to shareholders today.

Enquiries

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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").

STRATEGIC REPORT

CHAIRMAN'S STATEMENT AND OPERATIONAL REVIEW

The Company's share price has recovered strongly over the last year, despite the sector still suffering from low oil prices and inactivity following the oil price crash of 2014. This seemed unlikely last September when the share price was under 10% of its current level but management has worked to reinvigorate the Company and this has seen tangible results. We have raised additional capital for implementation of our marginal field strategy and a number of transactions aimed at ensuring that the current asset portfolio in Newfoundland is rejuvenated have been concluded; the ultimate aim is to establish a revenue stream that can form the foundation for the Company's continued growth.

We have high hopes for the assets in western Newfoundland but the assets are complex. Resource estimates have always indicated good production rates are possible and the additional activity currently being carried out on PL2002-01(A) is part of the 'proving-up' exercise but it is choosing the best investment strategy which is key. To achieve short term growth, we require capital to undertake the various workover tasks and more capital to implement appropriate longer term plans and the most effective strategy, we believe, is that currently being adopted. We have executed a Production Sharing Agreement with PVF Energy Services Inc. ('PVF') whereby the investment to commence generating the value from the western Newfoundland assets is predicated on the work PVF are undertaking at their expense which 'ring-fences' the demands on the Company even as it seeks to re-value the assets. It is hoped that the discussions taking place with PVF with respect to a further farm-in agreement will yield greater investment and more wider ranging activity on PL2002-01(A). We aim to announce the results of those discussions in due course.

We've chosen a strategy of external investment for our Canadian assets because, in our view, the best way to achieve higher valuations of the Company is to target, lower risk, well appraised but undervalued fields. This led to the marginal field strategy and our investment in Marginal Field Development Company ('MFDevCo'). The strategy removes our exposure to the major risk of the oil sector, namely the need for exploration drilling, and allows us to focus on the more controllable factors associated with project development or redevelopment, depending on the field. All the parts are in place to implement the strategy and success should yield the valuation multiples we expect from our business model.

I would like to address the issues of timetables associated with project acquisition under this strategy; this has been raised by many shareholders and it is important that a number of factors in the acquisition process are understood. The negotiating process and timeline ebbs and flows and any estimates made by management represent management's opinion at that time considering the state of such negotiations. Issues can arise, priorities can change and there are often numerous parties involved and permissions required to conclude a transaction. We can state though, that management are working hard to implement that strategy and should we be successful we expect large returns will be made by all concerned; the Company, field owners, Consortium members and most importantly shareholders.

Following a period of extensive screening, the Company has identified a number of targets, and has prioritised a small set of those. The successful acquisition of only one would, in our opinion, have a huge impact. For each opportunity, the potential benefit offered by our approach has been identified and verified against pro forma engineering models but a level of detailed engineering needs to be performed to agree commercial terms with the asset owners and secure the appropriate finance, which in most cases will be vendor finance secured from suppliers. In many ways, the downturn in the industry is hugely beneficial due to reduced field costs, the risk that suppliers are willing to take to employ resources and infrastructure and the financing terms available.

Recent proposals to field owners focus on the provision, in conjunction with members of MFDevCo's consortium, of a turnkey solution for field redevelopment where the services provided to a project are secured against production and production royalties are granted in favour of the facilitating party. Such proposals are well received by asset owners as they retain field equity, do not need to raise finance themselves and see large valuation increases in their assets.

Western Newfoundland

With respect to our assets in western Newfoundland, the Company's wholly owned subsidiary, Enegi Oil Inc. entered into a Production Sharing Agreement (the 'PSA') with PVF Energy Services Inc. ('PVF') for PL2002-01(A). The PSA 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. The term of the PSA is five years and PVF are covering all costs associated with an agreed work programme aimed at restoring production from PL2002-01(A) (the 'Work Programme'). In addition to PVF providing 100% of the funding for the Work Programme, PVF will also fund 100% of ongoing operations on PL2002-01(A) in exchange for 50% of net revenue from production following the recovery of its costs.

The primary objective of the first phase of the Work Programme is to clean up the well and remove obstructions that have been preventing the well from flowing in advance of an extended well test. Progress achieved thus far includes:

- Salt blockages have been cleared.
- Communication has been re-established between the reservoir and the surface.
- Pressure recovery is strong.
- PVF have experienced no issues that are believed to have the potential to compromise the successful completion of this first phase of the Work Programme.

Although the Work Programme is taking longer than originally forecast operations are advancing towards achieving the primary objective and we are confident that the well test will commence shortly. Technical programmes often have to be modified and in western Newfoundland this requires approval from the Department of Natural Resources for any alterations before proceeding. In addition, due to the remote location and the lack of local oilfield supply services, equipment has to be brought in from outside the province, which takes time both to source and to be delivered.

The Company has begun negotiations with PVF to agree a farm-in which will bring additional investment into the development of PL2002-01(A), primarily in the form of drilling investment. Further drilling is likely to target areas of hydrothermal dolomite down-dip from the current PAP#1-ST#3 well, which demonstrate enhanced connectivity and porosity and are therefore believed to be able to deliver higher flow rates. Nu-Oil has in the past undertaken significant reservoir modelling work and will work closely with PVF to ensure that this work and lessons learned from previous operations are fully integrated into future planning, alongside new data gathered from PVF's work, to maximise chances of success. Negotiations on the farm-in agreement, which has been the objective of both parties as referenced in the announcement of 22 June 2017, are ongoing and the Company will provide an update in due course. Shareholders should note that, whilst both parties hope to conclude an agreement, there is no guarantee one will be reached.

In addition to the activity on PL2002-01(A), an Option Agreement was signed with G2 Energy Corp ('G2 Energy') whereby G2 Energy has an exclusive option to earn 100% of the Company's working interest in the Deep Rights on EL1070, with Enegi Oil Inc., retaining a 5% gross overriding royalty should the option be exercised. Pursuant to the Option Agreement, G2 Energy had a period of 45 days to conclude due diligence on EL1070, which was concluded satisfactorily and the Option Agreement came into full effect.

Outlook

Significant changes have occurred to the Company's outlook over the past 12 months and we expect that to continue over the coming period as our negotiations and activity on a number of opportunities, currently well-advanced, are concluded. We remain confident of the successful conclusion of the first phase of operations on PL2002-01(A) and we look forward to announcing the results in due course. We are pleased to be continuing negotiations with PVF on the future development of the Garden Hill field, one of our legacy assets, which we believe, if successfully concluded, will provide the opportunity for Nu-Oil to maximise its returns from the field. In the meantime, the Board remains committed to focusing its resources on the acquisition of marginal field projects, in line with our stated strategy.

Finally, I would like to thank both management and shareholders for their continued support and look forward to realising the rewards from the opportunities that have been created over the last few years.

Alan Minty

Chairman

NU OIL & GAS

FINANCIAL REVIEW

Revenue

No revenue was generated during the year. Management awaits the results of activity on its lease, PL2002-01(A), to assess the likelihood of it becoming revenue generating in future years. The Company entered into a Production Sharing Agreement (the 'PSA') with PVF Energy Services Inc. ('PVF') for PL2002-01(A). The PSA 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.

Loss before tax

Loss before tax for the year was £1,671,000 (2016: £816,000 loss). The main area of expense has been the continuing development of the foundations for the marginal field initiative. Management continued to significantly cut costs in western Newfoundland but increased its expenditure with respect to the implementation of the marginal field strategy. The loss included depreciation charges of £367,000 in the period relating to intangible assets. Operating loss in effect was £1,304,000.

Statement of Financial Position

The consolidated statement of financial position for the Group shows that net liabilities at 30 June 2017 were £1,880,000 (2016: net liabilities of £3,239,000). The decrease in net liabilities reflects fundraising activities that were undertaken in the period. During the year the Company raised £3,357,000 (before expenses of £328,000) through the issue of new ordinary shares. The majority of the Group's liabilities are due to related parties and to Shard Capital Management. It is the Group's view that these creditors are supportive of the Group.

At 30 June 2017, the Group had cash balances of £654,000 compared to £nil at 30 June 2016 and raised an additional £1,419,000 before expenses through the placement of shares and exercise of warrants post year end. The Group had trade and other payables of £3,781,000 at 30 June 2017 (2016: £4,604,000). These cash balances when considered with the additional information provided in Note 1 to the financial statements (see full Report and Accounts for the year ended 30 June 2017) allow the Directors to conclude that the Group and Company should be treated as a going concern.

Cash flows

Cash inflows for the year were £683,000 compared to a net outflow of £1,000 in 2016. The Group's cash position was carefully managed during the year while it sought to implement its marginal field strategy.

Future funding and capital requirements

The Directors believe that the Company has developed a very attractive business model in choosing to focus on the development of stranded and marginal fields. It has concluded the necessary foundations and its global potential should see an upturn in activity in 2018. Management believe that the Company has sufficient resources to allow significant, tangible progress to be achieved from its current resources. As a result of the size of projects that the Company is targeting, project finance will be required to realise project returns.

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2017

	2017	2016
	£'000	£'000
Revenue	**-**	-
Cost of sales	**-**	-
Gross Result	**-**	-
Administrative expenses	**(1,457)**	(815)
Loss from operations	**(1,457)**	(815)
Finance costs	**(214)**	(1)
Loss before tax	**(1,671)**	(816)
Taxation	**-**	-
Loss for the year	**(1,671)**	(816)
Loss per share (expressed in pence per share)		
Basic	**(0.2p)**	(0.3p)
Diluted	**(0.2p)**	(0.3p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	2017	2016
	£'000	£'000
Loss for the year	**(1,671)**	(816)
Other comprehensive expense:		
Currency translation differences	**1**	17
Other comprehensive income for the year, net of tax	**1**	17
Total comprehensive expense for the year	**(1,670)**	(799)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	2017 £'000	2016 £'000
Non-current assets		
Tangible fixed assets	**242**	868
Intangible assets	**1,123**	848
Other long term assets	**493**	479
	1,858	2,195
Current assets		
Trade and other receivables	**922**	1,150
Cash and cash equivalents	**654**	-
	1,576	1,150
Total assets	**3,434**	3,345
Current liabilities		
Trade and other payables	**(3,781)**	(4,604)
Due to related parties	**(1,044)**	(1,514)
	(4,825)	(6,118)
Non-current liabilities		
Provisions	**(489)**	(466)
Total liabilities	**(5,314)**	(6,584)
Net liabilities	**(1,880)**	(3,239)
Equity		
Ordinary share capital	**2,757**	2,022
Share premium account	**28,671**	26,431
Reverse acquisition reserve	**9,364**	9,364
Other reserves	**(2,487)**	(2,487)
Warrant reserve	**409**	355
Accumulated losses	**(40,594)**	(38,924)
Total equity	**(1,880)**	(3,239)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Ordinary share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Other reserves £'000(1) (2)	Warrant reserve £'000(3)	Accumulated Losses £'000	Total equity £'000
Balance at 1 July 2015	**1,857**	**26,137**	**9,364**	**(2,487)**	**355**	**(38,125)**	**(2,899)**
Comprehensive expense							
Loss for the year	-	-	-	-	-	(816)	(816)
Other comprehensive income							
Currency translation differences	-	-	-	-	-	17	17
Total other comprehensive income	-	-	-	-	-	17	17
Total comprehensive expense	-	-	-	-	-	(799)	(799)
Transactions with owners							
Effects of fundraisings	165	294	-	-	-	-	459
Total of transactions with owners	165	294	-	-	-	-	459
Balance at 1 July 2016	**2,022**	**26,431**	**9,364**	**(2,487)**	**355**	**(38,924)**	**(3,239)**
Comprehensive expense							
Loss for the year	-	-	-	-	-	(1,671)	(1,671)
Other comprehensive income							
Currency translation differences	-	-	-	-	-	1	1
Total other comprehensive income	-	-	-	-	-	1	1
Total comprehensive expense	-	-	-	-	-	(1,670)	(1,670)
Transactions with owners							
Effects of fundraisings	735	2,294	-	-	-	-	3,029
Effects of warrants		(54)			54		
Total of transactions with owners	735	2,240	-	-	54	-	3,029
Balance at the 30 June 2017	**2,757**	**28,671**	**9,364**	**(2,487)**	**409**	**(40,594)**	**(1,880)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	2017	2016
	£'000	£'000
Cash flows from operating activities		
Cash used in operations	**(2,346)**	(436)
Net cash used in operating activities	**(2,346)**	(436)
Cash flows from financing activities		
Share capital issued for cash	**3,029**	435
Net cash generated from financing activities	**3,029**	435
Net increase / (decrease) in cash and cash equivalents	**683**	(1)
Cash and cash equivalents at the start of the year	**-**	1
Exchange gains	**(29)**	-
Cash and cash equivalents at the end of the year	**654**	-

Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRIC interpretations. The consolidated financial statements have been prepared under the historical cost convention.

Basis of consolidation

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.