NU-OIL AND GAS PLC

AIM ticker: NUOG

29 March 2018

Nu-Oil and Gas plc

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

Interim Results for the six months ended 31 December 2017

Nu-Oil, the independent Oil and Gas company, today announces its unaudited interim results for the six months ended 31 December 2017.

Key points:

- An application for the next phase of the work programme on PL2002-01(A) has been submitted to the regulator for approval;
- Continuing focus on the development of portfolio through Marginal Field Development Company Ltd ("MFDevCo"), in which the Company has a 50% interest;
- Securing the first project via MFDevCo remains the priority and good progress has been made with respect to achieving this in the short term;
- During the period, the Company raised £1,419,200 (gross) through both a placing and the exercise of warrants;
- Post year end, the Company raised £1,560,000 (gross) through both the placement of shares and exercise of warrants;
- The Company reports a loss of £916,000 for the period, which, on an annualised basis, is broadly comparable with the loss made over 2017. The main area of expense has been the continued implementation of the marginal field strategy; and
- Canadian operations have been reduced to a minimum, primarily through the agreements with PVF Energy Services ("PVF") and G2 Energy Inc. ("G2"), under which direct costs of Nu-Oil's Canadian assets are covered by those parties. Directly incurred costs in Canada for the period were £11,000.

Nigel Burton CEO of Nu-Oil commented:

"Nu-Oil has seen a strong turnaround over the last 18 months. The Company's general financial position is steadily improving, activity continues on its assets in western Newfoundland, on which we wait for the results of the production test which is expected to commence shortly. The Company has raised funds which it anticipates will allow it to conduct vital work in marginal field acquisition and we look forward to being able to share the results of that work in due course."

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Nu-Oil and Gas plc

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Note to Editors:

Nu-Oil is a development and production company, which utilises appropriate development approaches to create value from undeveloped and mature oil and gas assets. Nu-Oil is building a portfolio of development and production assets with an emphasis on stranded and marginal discoveries which can be unlocked using cost-effective development solutions.

Nu-Oil targets thoroughly appraised fields located in basins with stable political and regulatory regimes. By doing so Nu-Oil minimises exposure to the risks associated with frontier plays, particularly exploration and appraisal risks.

MFDevCo, in which both Nu-Oil and RMRI Ltd., a company controlled by Alan Minty, hold a 50% interest, has developed offshore production solutions that improve the economics of oil projects by significantly lowering development costs compared to conventional approaches. To implement its solutions, MFDevCo has established the Marginal Field Delivery Consortium ("the Consortium"), a group of leading global engineering specialists who provide the skills and capability required to deliver projects. Nu-Oil will utilise MFDevCo solutions and the capability within the Consortium to develop and deliver its projects.

For further information, please visit the Nu-Oil and Gas website www.nu-oilandgas.com.

Disclaimer

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").

Chairman's Statement and Operational Review

It is pleasing to provide this statement with the Company in an exciting place and expecting to build a portfolio of development and production assets. The Company's priority is to secure our first marginal field project and we have made significant progress on the work required to conclude our negotiations and achieve that objective. In parallel, third parties are progressing the Company's Newfoundland assets, with these parties managing operations and funding 100% of the associated costs. I am pleased to say that operations at Garden Hill in western Newfoundland are entering the next stage, with a production test expected to begin in April 2018, pending approval of the work programme from the Department of Natural Resources ("DNR").

Shareholders will be aware of the challenges caused by the insolvency of Beaufort Securities Limited ("Beaufort"), which could not have been anticipated and was outside of the Company's control. As with any event of this unexpected nature, which many might think can be solved in a straightforward manner, that is rarely the case. The Company was under significant pressure to conclude the placing, as originally announced on 1 March 2018, and eliminate the uncertainty Beaufort's circumstances created. I am pleased that management were able to overcome the hurdles in such a short period of time. I want to emphasise, as I did in my updates released on 2 and 5 March 2018, whilst this unexpected occurrence created additional work for the team, the fundamentals of the business were not impacted and, with this successfully resolved, the schedule is back on track and we are once again focusing all our efforts on delivering projects. In this Chairman's Statement, I intend to show why that is the case.

We have been working hard to improve Nu-Oil's communications and Simon Bygrave, Director of Communications, has devised better ways to inform shareholders of the progress we are making. However, we take our governance responsibilities very seriously and our cautious approach is to ensure that we release material news to the market via the correct channels.

Marginal Field Activities

Shareholders are aware that we have identified and reviewed a large number of marginal fields, working with Consortium members to convert a number of these undervalued opportunities into commercial assets that will attract financing and secure field development approval. Such work is complex and the Company will realise the value when this investment results in the acquisition of projects in which investors can have a high degree of confidence that good returns, through each project's life, will be achieved.

Funds have been raised because our work activities are accelerating; there is much more to our marginal field activities than just evaluating and assessing ways to improve the economics. What is required is a demonstration that risks to economic project performance have been reduced to levels that stakeholders and especially investors, consider practicable and acceptable. That starts with the subsurface due diligence, continues through engineering design and other technical aspects into the 'delivery' phase, which is safe and efficient operations following final development plan approval from the in-country regulators and, commercial support from investors.

Securing the first marginal project is our priority and I am encouraged by the speed of progress we are making and, accordingly, that this will be achieved in short order. We have a short list of targets which includes projects where negotiations are ongoing, in addition to others which are in earlier stages of development that will form a pipeline of additional opportunities once the priorities are converted. That does not mean they will all be successfully concluded but it does mean that considerable progress has been made. Moreover, resources are being applied to a fewer number of prospects and the schedule is on course to achieve the intended results.

The short list, which has been determined not by location but by the detailed criteria required to identify low-risk project profiles, includes fields in the North Sea, and offshore Brazil, amongst others. We can only provide more information when a transaction closes but shareholders can be confident of progress and the board of Nu-Oil believes that there is an end-point in sight.

Our business model provides us with greater flexibility than the traditional approach for project development where the licence is already 'owned'; while we cannot guarantee all negotiations will be successfully concluded, we do have great confidence that the assets we are assessing can be successfully developed. And of course, we choose our targets because they meet value creation criteria we believe should be delivered. Furthermore, as we move towards such announcements, shareholders should know that our projects can hopefully be fast-tracked because of the work already undertaken by consortium members such as AGR, Aibel and Aker Solutions. Through the work our Consortium partners do, MFDevCo is able to raise a combination of non-recourse lending and vendor financing, part of the commercial aspects of commercial negotiations.

The background work that has been undertaken, and remains ongoing, is difficult to communicate on a continual and progressive basis because of the commercial sensitivity. While we cannot always provide the level of detail shareholders would like, our communications are intended to demonstrate careful progress. We look forward to being able to communicate more openly once projects are secured and confidentiality clauses no longer apply. Furthermore, as projects advance into the development stage, shareholders can expect regular updates as work scopes are progressed and completed.

Helvick and Dunmore

Progress has been made with respect to the lease undertakings for the Helvick and Dunmore licences, in which MFDevCo holds 10% interests, work has been progressed following the receipt of consent for the assignments, announced on 2 November 2017. The results of the work have been submitted to the regulator and the licence holders await their feedback. Once received, further plans can be formulated and communicated.

Western Newfoundland

I am encouraged by the progress that has been made on the assets we own in western Newfoundland, namely PL2002-01(A) and EL1070. Operations for both assets are being managed and 100% funded by third parties, PVF and G2, while the Company retains gross overrides. These fields are very different in nature to the marginal fields opportunities we are negotiating in other regions. Apart from being legacy assets acquired when different development strategies were considered appropriate, by their very nature they are in an earlier phase of development than the marginal field projects we are targeting elsewhere. And there are locational characteristics that slow the process down such as the regulatory environment and remoteness of the region. However, the potential is considerable.

One thing needs to be emphasised although it is an obvious point: these legacy assets were not typical of the period in which they were acquired. At that time, considerable small cap activity was based on exploration assets which were high risk but which could be 'worked up' in order to raise investment appetite; the dramatic fall in the oil price illustrated how vulnerable such strategies made such small cap operators and why we modified our business model. But, we still retain assets in western Newfoundland because they have considerable potential and it should be noted, we are the only company from the 'exploration era' operating in that region where we believe significant potential remains. We will continue to work there with PVF and G2.

PL2002-01(A)

PL2002-01(A) is not an exploration asset but one where production is possible in the short-term, however, it lies in a complex and fractured reservoir. We still consider PL2002-01(A) to be capable of generating value for the Company and continue to pursue this objective with PVF. After technical evaluation, testing programme definition, equipment sourcing and site preparation, PVF have submitted the application for the next phase of the work programme to the DNR. The application process normally takes 14 days but can require a number of iterations as the regulator seeks the requisite clarifications, which is typical of their due diligence process. In addition, because we are the only operator in the region, we tend to get a lot of scrutiny. The Company will make an announcement when the extended well test starts, which is expected to occur as soon as approval has been granted by the DNR.

EL1070

EL1070 is an entirely different proposition being an exploration 'play' which is adjacent to PL2002-01(A) but where the results of PL2002-01(A) activity have an important bearing on the value of the licence. Regulatory changes have made it necessary to submit different plans to obtain the necessary approvals and this is what G2 have been discussing with the Canada-Newfoundland and Labrador Offshore Petroleum Board, which is the regulator for this licence. We expect an update from G2 in the near future, which will include recommendations on how to progress activity, and we will update the market at this stage. Combined with results on PL2002-01(A), we are confident that this will enable Nu-Oil to devise the most suitable structure for our Canadian subsidiary, Enegi Inc., moving forward. This is a priority.

Outlook

I have been of the opinion for a considerable time that Nu-Oil's business model and association with a consortium of prestigious companies, has created an exciting future for the Company. We expect to assemble a portfolio of valuable assets quickly and, while we will always be vulnerable to unpredictable events such as the unfortunate situation with Beaufort, the speed of our response should be taken as an indication of how we will continue to manage the Company's activities. I look forward to being able to discuss our first marginal field asset project in due course.

Alan Minty

Executive Chairman

29 March 2018

Financials

The accounts for the period have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union using accounting policies that are consistent with those stated in the Company's 2016 Annual Report and Accounts.

Revenue

No revenue was generated during the period. Management awaits the results of activity on its lease, PL2002-01(A), to assess the impact of that asset on future revenue streams. The agreements that the Company has entered into with respect to PL2002-01(A) provide for the Company to receive 50% of future net revenue from that asset following cost recovery by its operating partner, PVF.

Successful acquisition of a producing field as part of the Company's marginal field strategy would also yield future revenue streams for the Company.

Loss before tax

The Company reports a loss of £916,000 for the period, an increase of £495,000 when compared to the loss reported over the corresponding period in 2016. Although this is a large increase when compared to the 2016 interim period, such a comparison is misleading when the Company's position during each period is considered. The Company's loss for this period is broadly comparable, on an annualised basis, with the full year to June 2017.

The loss for the period includes depreciation charges of £171,000 in the period creating an effective operating loss of £647,000.

The main area of expense has been the continued implementation of the marginal field strategy of which greater detail is provided in the Chairman's Statement and Operational Review. It should be noted that, as the Company has previously stated, direct costs of its Canadian operations have been reduced to a minimum, primarily through the agreements with PVF and G2, under which direct costs of our Canadian assets are covered by those parties. Directly incurred costs in Canada for the period were £11,000.

Statement of Financial Position

Group net liabilities as at 31 December 2017 were £1,484,000 (2016: net liabilities of £2,525,000). The change in the Company's financial position is mainly attributable to its fundraising activities in the period, during which the Company raised £1,419,200 (gross) through both a placing and the exercise of warrants.

The Company now believes that is has have resolved the financial threats that it faced in 2016. This allows the Company to focus on its future with increased confidence. The majority of the Group's liabilities are due to directors, related parties and Shard Capital Management and it is the Group's view that these parties are supportive of the Group.

At 31 December 2017, the Group had cash balances of £570,000 compared to £313,000 at 31 December 2016. Post year end, the Company raised a gross amount of £1,560,000 through both the placement of shares and exercise of warrants. The Group had trade and other payables of £3,429,000 (2016: £4,388,000).

Future funding and capital requirements

The Directors believe that Nu-Oil has developed a very attractive business model in choosing to participate in the development of marginal fields via its investment in MFDevCo. We expect to see an upturn in activity by utilising this offering to increase our project portfolio. Future funding activity will be required to develop projects added to its portfolio but the Company believes that such funding can be obtained without significantly affecting the flow of value from those projects to shareholders.

Damian Minty

Chief Financial Officer

29 March 2018

CONSOLIDATED INCOME STATEMENT

For the 6 months ended 31 December 2017

	Note	**Unaudited 6 months ended 31 December 2017 £'000**	Unaudited 6 months ended 31 December 2016 £'000	Audited 12 months ended 30 June 2017 £'000
Revenue		**-**	-	-
Cost of sales		**-**	-	-
Gross Profit		**-**	-	-
Administrative expenses		**(818)**	(421)	(1,457)
Loss from operations		**(818)**	(421)	(1,457)
Finance costs		**(98)**	-	(214)
Loss before tax		**(916)**	(421)	(1,671)
Taxation		**-**	-	-
Loss for the period		**(916)**	(421)	(1,671)
Loss per share (expressed in pence per share)				
Basic	3	**(0.1p)**	(0.1p)	(0.2p)
Diluted	3	**(0.1p)**	(0.1p)	(0.2p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 31 December 2017

	Unaudited 6 months ended 31 December 2017 £'000	Unaudited 6 months ended 31 December 2016 £'000	Audited 12 months ended 30 June 2017 £'000
Loss for the year	**(916)**	(421)	(1,671)
Other comprehensive expense:			
Currency translation differences	**3**	6	1
Other comprehensive income for the year, net of tax	**3**	6	1
Total comprehensive expense for the year	**(913)**	(415)	(1,670)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	**Unaudited As at 31 December 2017 £'000**	Unaudited As at 31 December 2016 £'000	Audited As at 30 June 2017 £'000
Non-current assets				
Tangible fixed assets		**219**	889	242
Intangible assets		**974**	848	1,123
Other long-term assets		**490**	502	493
		1,683	2,239	1,858
Current assets				
Trade and other receivables	4	**984**	1,095	922
Cash and cash equivalents		**570**	313	654
		1,554	1,408	1,576
Total assets		**3,237**	3,647	3,434
Current liabilities				
Trade and other payables	5	**(3,429)**	(4,388)	(3,781)
Due to related parties	6	**(807)**	(1,297)	(1,044)
		(4,236)	(5,685)	(4,825)
Non-current liabilities				
Provisions		**(485)**	(487)	(489)
Total liabilities		**(4,721)**	(6,172)	(5,314)
Net liabilities		**(1,484)**	(2,525)	(1,880)
Shareholders' equity				
Ordinary share capital		**2,927**	2,336	2,757
Share premium account		**29,783**	27,246	28,671
Reverse acquisition reserve		**9,364**	9,364	9,364
Other reserves		**(2,487)**	(2,487)	(2,487)
Warrant reserve		**436**	355	409
Accumulated losses		**(41,507)**	(39,339)	(40,594)
Total equity		**(1,484)**	(2,525)	(1,880)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 31 December 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 2017	**2,757**	**28,671**	**9,364**	**(2,487)**	**409**	**(40,594)**	**(1,880)**
Comprehensive expense							
Loss for the year	-	-	-	-	-	(916)	(916)
Other comprehensive income							
Currency translation differences	-	-	-	-	-	3	3
Total other comprehensive income	-	-	-	-	-	3	3
Total comprehensive expense	-	-	-	-	-	(913)	(913)
Transactions with owners							
Effects of fundraisings	170	1,139	-	-	-	-	1,309
Effects of warrants		(27)			27		
Total of transactions with owners	170	1,112	-	-	27	-	1,309
Balance at the 31 December 2017	**2,927**	**29,783**	**9,364**	**(2,487)**	**436**	**(41,507)**	**(1,484)**

For the 6 months ended 31 December 2016

	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 2016	**2,022**	**26,431**	**9,364**	**(2,487)**	**355**	**(38,924)**	**(3,239)**
Comprehensive expense							
Loss for the year	-	-	-	-	-	(421)	(421)
Other comprehensive income							
Currency translation differences	-	-	-	-	-	6	6
Total other comprehensive income	-	-	-	-	-	6	6
Total comprehensive expense	-	-	-	-	-	(415)	(415)
Transactions with owners							
Effects of fundraisings	314	815	-	-	-	-	1,129
Total of transactions with owners	314	815	-	-	-	-	1,129
Balance at the 31 December 2017	**2,336**	**27,246**	**9,364**	**(2,487)**	**355**	**(39,339)**	**(2,525)**

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 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 FLOW

For the 6 months ended 31 December 2017

	Unaudited 6 months ended 31 December 2017 £'000	Unaudited 6 months ended 31 December 2016 £'000	Audited 12 months ended 30 June 2017 £'000
Cash flows from operating activities			
Cash used in operations	**(1,120)**	(778)	(2,346)
Net cash used in operating activities	**(1,120)**	(778)	(2,346)
Cash flows from financing activities			
Repayment of Borrowings	**(280)**	-	-
Share capital issued for cash	**1,309**	1,129	3,029
Net cash generated from financing activities	**1,029**	1,129	3,029
Net increase / (decrease) in cash and cash equivalents	**(91)**	351	683
Cash and cash equivalents at the start of the period	**654**	-	-
Exchange (losses) / gains	**7**	(38)	(29)
Cash and cash equivalents at the end of the period	**570**	313	654

NOTES TO THE INTERIM RESULTS

1. Basis of Preparation

Nu-Oil and Gas plc. is a company incorporated in the United Kingdom. The unaudited consolidated interim financial statements for the six months ended 31 December 2017 include the Company and its subsidiaries (the "Group").

These annual financial statements are prepared under International Financial Reporting Standards as adopted by the European Union. This condensed set of financial statements has been prepared in the same way using accounting policies consistent with those in the last Annual Report.

During this period there have been no new accounting standards adopted that would have a significant impact on the Group.

2. Segmental Information

	Unaudited As at 31 December 2017 £'000	Unaudited As at 31 December 2016 £'000	Audited As at 30 June 2017 £'000
Segment net (loss) for the period			
UK – Non-current assets	**(113)**		(179)
UK- Corporate expenses	**(636)**	(388)	(1,098)
Canada – Non-current assets	**(58)**		(141)
Canada –Corporate expenses	**(11)**	(33)	(39)
Loss from operations	**(818)**	(421)	(1,457)
Segment assets			
UK – Non-current assets	**791**	1,129	903
UK – Current assets	**1,538**	1,196	1,561
Canada – Non-current assets	**892**	1,110	955
Canada –Current assets	**16**	212	15
Total assets	**3,237**	3,647	3,434
Segment liabilities			
UK	**(3,838)**	(5,024)	(4,413)
Canada	**(883)**	(1,148)	(901)
Total liabilities	**(4,721)**	(6,172)	(5,314)

3. Loss per Share

	Unaudited As at 31 December 2017 £'000	Unaudited As at 31 December 2016 £'000	Audited As at 30 June 2017 £'000
Loss attributable to shareholders of the Company	**(916)**	(421)	(1,671)
Weighted average number of shares in issue	**1,209,142,348**	456,596,695	708,074,539
Fully diluted weighted average number of shares in issue	**1,209,142,348**	456,596,695	708,074,539
Basic loss per share (expressed in pence per share)	**(0.1p)**	(0.1p)	(0.2p)
Diluted loss per share (expressed in pence per share)	**(0.1p)**	(0.1p)	(0.2p)

4. Trade and Other Receivables

	Unaudited As at 31 December 2017 £'000	Unaudited As at 31 December 2016 £'000	Audited As at 30 June 2017 £'000
Sales taxes receivable	**174**	224	162
Prepayments and other receivables	**810**	871	760
	984	1,095	922

5. Trade and Other Payables

	Unaudited As at 31 December 2017 £'000	Unaudited As at 31 December 2016 £'000	Audited As at 30 June 2017 £'000
Trade payables	**312**	640	367
Accruals	**1,427**	1,715	1,532
Taxation and social security	**1**	283	10
Loan repayable to Shard Capital	**1,598**	1,540	1,780
Other payables	**91**	210	92
	3,429	4,388	3,781

Included with in accruals is a balance of £548,000 (2016: £432,000) which relates to the RMRI Group and is a further balance due to related parties. Alan Minty and Damian Minty are shareholders in the RMRI Group. This accrual owing is in addition to the related party balance of £807,000 shown in the Consolidated Statement of Financial Position.

This accrual is included in Group's accruals as the debt has been presented as an Application for Payment. Applications for Payment are utilised where there is uncertainty with respect to timing of payment so as to not generate a VAT liability for the service provider until payment is made.

During the period, the Group made payments of £280,000 to Shard Capital Management against its outstanding loan.

6. Related Party Transactions

The following table shows transactions and balances with related parties.

	Unaudited As at 31 December 2017 £'000	Unaudited As at 31 December 2016 £'000	Audited As at 30 June 2017 £'000
Services received from RMRI Group			
Employment Service Contracts	**141**	101	241
Other Services	**32**	-	18
Total	**173**	101	259
Balance owing			
RMRI Group	**807**	1,297	1,044

Alan Minty and Damian Minty are shareholders in the RMRI Group. Included with in accruals is a balance of £548,000 (2016: £432,000) which relates to the RMRI Group and is a further balance due to related parties.

Employment service contracts include elements of current and prior periods.

7. Subsequent Events

Following the end of the period, the Company raised £1,560,000 before expenses through the issuance of 145,434,783 new ordinary shares in a placing and through the exercise of warrants.