NU-OIL AND GAS PLC
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Nu-Oil and Gas plc

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

Heads of Terms - Farm-In Agreement for PL2002-01(A)

Nu-Oil is pleased to announce that Enegi Oil Inc. ("Enegi"), the Company's wholly owned subsidiary, has entered into non-binding heads of terms (the "Heads of Terms") with PVF Energy Services Inc. ("PVF") under which PVF will farm into Production Lease 2002-01(A) ("PL2002-01(A)" or the "Lease"). The Company anticipate that the Head of Terms will lead to the Parties entering into a definitive agreement within 75 days, subject to all legal and regulatory approvals having been obtained or waived.

The Heads of Terms sets out that PVF would farm-in to the Lease in two stages:

- Completing a 3D seismic survey (the "Seismic") covering a minimum of the area of PL2002-01(A) in return for a 21% interest in the lease. The Seismic, which is expected to cost in excess of C$5million, will be funded 100% by PVF.
- Following the completion of the Seismic PVF will fund a new well into PL2002-01(A) (the "Farm-In Well") in return for a further 49% interest in the lease. PVF will fund 100% of the cost of the Farm-In Well, anticipated to be in excess of C$12million. The location of the Farm-In Well will be determined by agreement between Enegi and PVF.

The final costs incurred by PVF to undertake the work programme as set out above, if different from the expected costs, will not affect the interest earned by PVF.

The Company anticipates that a new well will 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. Increasing production rates will significantly increase the total volume of oil that can be commercially recovered from Garden Hill and, as a result, drilling the proposed well will improve the economic return from the lease.

In return for funding 100% of the costs, PVF will also earn interest in the site infrastructure in line with their interest in the lease. Nu-Oil and PVF will be liable for abandonment obligations in proportion to their lease interests. Enegi Oil Inc. will remain as operator of the Lease until completion of both stages of the farm-in.

In order to facilitate the above proposed farm-in, PVF is in discussions to strengthen its consortium with additional parties who are interested in funding and participating at an operational level in the successful development of the Garden Hill Trend. The Company will update the market as and when appropriate.

PVF continues to work towards restoring production from the PAP#1-ST#3 well. As announced on 8 May 2018, the Department of Natural Resources ("DNR") has approved the programme for the production test at the PAP#1-ST#3 well at Garden Hill, and preparations for this test, which is expected to last between 30 and 90 days, are currently under way.

Alan Minty, Chairman of Nu-Oil, commented:

"We have been discussing the wider development of PL2002-01(A) with PVF for some time and I am pleased we have agreed the Heads of Terms for a potential farm-in which, subject to funding and execution of definitive documentation, will secure the future of Garden Hill. Both parties recognise its significant potential and are equally committed to generating the greatest value from the resources. The Seismic will enable the parties to optimise the location of the farm-in well in order to achieve that objective. I look forward to concluding the farm-in agreement with PVF in due course."

Brian Hickey, President of PVF Energy Services Inc., commented:

"I am pleased to have agreed terms for a farm-in with Enegi which I believe will lead to Garden Hill becoming the first commercial oilfield in western Newfoundland. I have believed for many years that this area, and Garden Hill in particular, holds significant hydrocarbon resources if they can be safely and efficiently developed. I am excited about realising that vision alongside Enegi and our local partners."

Enquiries

Nu-Oil and Gas plc	
Simon Bygrave	Tel: +44 (0)161 817 7460
Investor Relations & Communications	
Nigel Burton	Tel: +44 (0)7785 234 447
Chief Executive Officer	
Strand Hanson Limited	Tel: +44 (0)20 7409 3494
Rory Murphy/Ritchie Balmer/Jack Botros	
Novum Securities Limited	Tel: +44 (0) 20 7399 9425
Jon Bellis	

Notes

The Company

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.

Enegi Oil Inc.

Enegi Oil Inc., the Company's wholly owned subsidiary, is a private limited company registered in Canada through which the Company manages its Newfoundland assets. Enegi Oil Inc. owns 100% of Production Lease 2002-01(A) and Exploration Licence 1070.

PL2002-01 (A)

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. It 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 16km^2 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.

Pursuant to the Production Sharing Agreement, the Company has a net revenue sharing agreement with PVF whereby PVF will undertake, and fund 100% of the costs of, operations on the PAP#1-ST#3 well, with the aim of restoring production. The Company will receive 50% of net revenue from production following PVF's recovery of costs associated with their obligations under the agreement.

As announced on 16 August 2017 the lease was renewed for a further five years and is now due to expire on 11 August 2022.

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").