

**Cluff Natural Resources plc ('CNR' or 'the Company')**  
**First Day of Dealings on AIM**

Cluff Natural Resources plc, an investing company founded by natural resources entrepreneur Algy Cluff which focuses on investing in global oil & gas and mining assets, is being admitted to trading on AIM today. The Company has raised £3.75 million before expenses by way of a placing of 75,000,000 new Ordinary Shares at 5 pence per share and placing of 35,000,000 Warrants to subscribe for new Ordinary Shares, providing the Company with a market capitalisation of £4.35 million on admission to trading on AIM. The funds raised will be used to identify and acquire natural resource assets in Europe and Africa, where the board of CNR believes significant opportunities exist to generate substantial value for shareholders. Shore Capital Stockbrokers Limited is Broker to the Company and Shore Capital and Corporate Limited is the Company's Nominated Adviser.

**Overview:**

- Initial focus on acquiring natural resource assets in the UK North Sea and Africa;
- Defined investment strategy focused on identifying and acquiring projects that are, in the opinion of the directors of CNR, underperforming, undeveloped and/or undervalued, and where the directors of CNR can apply their expertise to facilitate growth and unlock value;
- Utilise founder Algy Cluff's extensive experience and many government and business contacts developed during his 40 years of successfully investing in the natural resources sector to source suitable projects and/or acquisition opportunities;
- CNR to benefit from the experience of highly skilled board members who have substantial expertise in developing natural resources prospects; and
- The board of the Company has identified a number of opportunities that it believes have the potential to fit its investment criteria to generate significant long-term value for CNR shareholders.

CNR's Chairman and CEO Algy Cluff said: "We have taken the decision to launch CNR as we believe there are significant opportunities to generate substantial value for shareholders through investing in and acquiring prospective oil & gas and mining assets globally.

"The Board of CNR has a wealth of experience and a proven track record in identifying, operating and developing natural resource assets. We have already identified a number of natural resource opportunities both in Europe and Africa. The recent incentives introduced in the North Sea makes the region an attractive proposition while continued new discoveries both in oil & gas and mining in Africa makes the continent an investment destination which cannot be ignored. Being a London listed vehicle should help us to

secure and develop assets on attractive terms for our investors. Our overall objective is to build a significant global resource focused company and progress assets up the development curve and in the process unlock value.”

For further information and the AIM Admission document visit [www.cluffnaturalresources.com](http://www.cluffnaturalresources.com) or contact the following:

**Cluff Natural Resources Plc**

Algy Cluff

Tel: +44 (0) 20 7340 9790

**Shore Capital and Corporate Limited (Nominated Adviser)**

Pascal Keane / Toby Gibbs

Tel: +44 (0) 20 7408 4090

**Shore Capital Stockbrokers Limited (Broker)**

Jerry Keen

Tel: +44 (0) 20 7408 4090

**St Brides Media & Finance Ltd**

Felicity Edwards / Frank Buhagiar / Lottie Brocklehurst

Tel: +44 (0) 20 7236 1177

**Full Details**

**Introduction**

Cluff Natural Resources is a new AIM investing company founded by Algy Cluff to acquire and make strategic investments globally in oil & gas and mining projects. The Company’s shares will be admitted to trading on AIM.

The Board comprises Algy Cluff, as Chairman and Chief Executive and the following nonexecutive directors: Nicholas Berry (Deputy Chairman), Peter Cowley, Robert Danchin, The Earl De La Warr DL. and Brian FitzGerald. Additional executive appointments, including a team of geologists, will be appointed as required and as the Company builds its portfolio of assets.

Cluff Natural Resources will take advantage of the many government and business contacts that Algy Cluff has made over the past 40 years as an entrepreneur in the natural resources sector. Algy Cluff has been involved in the global oil & gas and mining industries since 1971. During that period he has been responsible, either through consortia he has led, or companies he has managed, for the discovery of: the Buchan oil field in the UK North Sea in 1975 (still producing oil today); the Freda Rebecca Mine in Zimbabwe; the Geita discovery in Tanzania; the Kalsaka Mine in Burkina Faso; the Baomahun discovery (two million ounces) in Sierra Leone; and the Yaoure discovery in Côte d’Ivoire.

The Directors confirm that Algy Cluff, together with his then colleagues, not only employed pioneering geological methods, but also played a part in advising and making recommendations to African governments concerning many issues fundamental to the surge in African mineral activity over the last 30 years. These include the use of gold loans, the activation of local stock exchanges and the advancement of the investment profiles of many African countries. In addition, there remains a very large diaspora of ex Cluff Oil Ltd and Cluff Resources plc executives who have made successful careers for themselves. Algy Cluff has called and intends to call on many of these individuals to pool their own experience of the oil & gas and mining industries for the benefit of Cluff Natural Resources.

The Board has many years of experience in evaluating and progressing acquisitions and investment prospects within the oil & gas and mining sectors. The Company will not, therefore, have a separate investment manager although it may utilise independent third parties to provide expert advice where necessary.

### **Investing Policy**

The proposed investments to be made by the Company may be either quoted or unquoted; made by direct acquisition or through farm-ins; either in companies, partnerships or joint ventures; or direct interests in oil & gas and mining projects. It is not intended to invest or trade in physical commodities except where such physical commodities form part of a producing asset. The Company's equity interest in a proposed investment may range from a minority position to 100 per cent. ownership.

The Board initially intends to focus on pursuing projects in the oil & gas and mining sectors, where the Directors believe that a number of opportunities exist to acquire interests in attractive projects. Particular consideration will be given to identifying investments which are, in the opinion of the Directors, underperforming, undeveloped and/or undervalued, and where the Directors believe that their expertise and experience can be deployed to facilitate growth and unlock inherent value.

The Company will conduct initial due diligence appraisals of potential projects and, where it is believed further investigation is warranted, will appoint appropriately qualified persons to assist with this process. The Directors are currently assessing various opportunities which may prove suitable although, at this stage, only preliminary due diligence has been undertaken.

It is likely that the Company's financial resources will be invested in either a small number of projects or one large investment which may be deemed to be a reverse takeover under the AIM Rules. In every case, the Directors intend to mitigate risk by undertaking the

appropriate due diligence and transaction analysis. Any transaction constituting a reverse takeover under the AIM Rules will also require Shareholder approval.

Investments in early stage and exploration assets are expected to be mainly in the form of equity, with debt being raised later to fund the development of such assets. Investments in later stage projects are more likely to include an element of debt to equity gearing. Where the Company builds a portfolio of related assets, it is possible that there may be cross holdings between such assets.

The Company intends to be an involved and active investor. Accordingly, where necessary, the Company may seek participation in the management or representation on the Board of an entity in which the Company invests with a view to improving the performance and use of its assets in such ways as should result in an upward re-rating of the value of those assets.

Given the timeframe the Directors believe is required to fully maximise the value of an exploration project or early stage development asset, it is expected that the investment will be held for the medium to long term, although disposal of assets in the short term cannot be ruled out in exceptional circumstances.

The Company intends to deliver Shareholder returns principally through capital growth rather than capital distribution via dividends, although it may become appropriate to distribute funds to Shareholders once the investment portfolio matures and production revenues are established.

The Directors believe that the Investing Policy can be substantially implemented within 18 months of Admission. If this is not achieved, the Company will seek Shareholder consent for its Investing Policy or any changes thereto at the next annual general meeting of the Company and on an annual basis thereafter, until such time that its Investing Policy has been implemented. If it appears unlikely that the Investing Policy will be achieved, the Directors may consider returning the remaining funds to Shareholders.

Given the nature of the Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of its net asset value. The Directors consider that as investments are made, and new investment opportunities arise, further funding of the Company will be required.

### **Investment Opportunity**

The Directors believe that there is continuing global pressure to exploit new reserves and resources, evidenced by the long term upward trend in energy and other commodity prices

being driven by the continuing industrialisation of the developing world (e.g. China and India).

The Directors initially plan to focus on evaluating oil and gas opportunities in the UK North Sea as well as throughout Africa, a continent rich in natural resources. At various times during the past 40 years, Algy Cluff has successfully operated companies with natural resources investments in the North Sea and many African countries.

### ***UK North Sea***

Interest in recent UK North Sea licensing rounds has been strong with the latest (Round 26) resulting in a total of 190 awards covering 2,818 blocks. A further round (Round 27), covering 2,800 blocks was offered on 1 February 2012, with the deadline for applications set for 1 May 2012. The Directors believe that the continuing strong interest amongst global majors in these licensing rounds indicates that the UK North Sea is still capable of drawing exploration, appraisal and investment interest.

Upstream investment in the UK North Sea as a whole is also on the rise, hitting a record £7.5bn (US\$11.5bn) in 2011, according to data from Wood Mackenzie. Total investment is expected to rise further in 2012 due to investment in a number of flagship projects in the West of Shetland area funded by international oil companies such as BP and Total.

The Budget Report, published on 21 March 2012, announced supportive changes to the UK fiscal regime covering the UK North Sea that will: introduce a package of oil and gas measures providing long term certainty on decommissioning relief; extend the amount and scope of the existing small field allowance; introduce a new field allowance targeted at the West of Shetland area; and introduce primary legislation to allow the potential introduction of measures to support investment in brown-fields.

### ***Africa***

The Board believes Africa is well positioned to become the second fastest growing region in the world. According to the International Monetary Fund (IMF), economic growth across the 54 countries of the continent will average around 6 per cent. this year. New resource frontiers are opening up in Africa as previously troubled countries have stabilised and are now actively encouraging overseas investment (e.g. Cote d'Ivoire, Liberia and Sierra Leone). The commodity boom in Africa (e.g. oil and gold in West Africa, iron ore in West Africa and copper in the Democratic Republic of the Congo), highlights the potential for the continent and the appetite of the equity market to support junior miners operating in the region.

There have been a number of notable oil and gas discoveries in Africa over the last few years, including the offshore oil discoveries by Tullow Oil plc in Ghana, the discoveries in

Uganda by Tullow Oil plc and Heritage Oil Plc and more recently the gas discoveries offshore Tanzania by the Anadarko Petroleum Corporation led consortium, which includes Cove Energy Plc.

The Directors believe that Algy Cluff's experience and his track record in Africa and the North Sea will ensure that the Company has access to high quality projects and that a number of current opportunities exist to acquire interests in suitable projects both in Africa, the UK North Sea and elsewhere.

### **Directors and Management**

The Directors and management team are as follows:

John Gordon Cluff (known as Algy) – **Executive Chairman and Chief Executive Officer** (Age: 72)

In 1972 Algy Cluff formed CCP North Sea Associates to bid for North Sea oil licences in the UK sector and subsequently Cluff Oil Ltd, which acted as the management company for CCP. CCP discovered the Buchan oil field in the UK North Sea, in 1975. He then founded and became Chairman of Cluff Resources plc.

From the early 1980s, Cluff Resources plc began to focus on mineral exploration in Africa and made several significant discoveries including a large gold discovery in Africa (subsequently the Geita Mine in Tanzania) and the Freda Rebecca Mine in Zimbabwe, prior to the acquisition of Cluff Resources plc by Ashanti Goldfields Company Limited in 1996. In the same year, backed by Anglo American Corporation, Algy Cluff founded Cluff Mining Limited (subsequently re-named Ridge Mining Limited), which was admitted to AIM in May 2000. Ridge Mining Plc was acquired by Aquarius Platinum Limited in 2009. Algy Cluff was the Founder, Executive Chairman and Chief Executive of Cluff Gold plc from 2004 to December 2010, Executive Chairman until July 2011 and subsequently Non-Executive Chairman up to April 2012, when he stepped down to concentrate on Cluff Natural Resources.

Nicholas William Berry – **Non-executive Deputy Chairman** (Age: 69)

Nicholas Berry is the controlling shareholder and Chairman of Stancroft Trust Limited and Intersport Switzerland, PsC and a director and founder of Mintel International Group Limited, a family business. Nicholas Berry is also a Non-executive Director of The Daily Mail and General Trust plc.

Peter Nigel Cowley – **Non-executive Director** (Age: 64)

Peter Cowley is a geologist with 40 years of international experience in the minerals industry and has been involved in the discovery and development of a number of gold

mines in Africa. Peter Cowley is also president and CEO of Loncor Resources Inc and a Director of Banro Corporation and was previously Managing Director of Ashanti Exploration Limited and Group Technical Director of Cluff Resources plc. He holds M.Sc and M.B.A. degrees and is a Fellow of I.M.M.M. He is currently a Non-executive Director of Cluff Gold Plc.

Dr Robert Victor Danchin (known as Bobby) – **Non-executive Director** (Age: 70)

Robert Danchin has over 40 years' experience in the exploration industry. He was Chief Executive Officer of Anglo American plc's Exploration and Acquisition Division and the Anglo American Group's Deputy Technical Director (Geology). From 1997 to 2002, he was an Executive Director of Anglo American Corporation of South Africa Limited. In 1980, he joined Stockdale Prospecting Limited (an Australian subsidiary of De Beers) as Chief Geologist based in Australia. He remained with that company for 15 years, eventually becoming Exploration Manager heading up its Australian-based diamond exploration programme. He is currently a Non-executive Director of Cluff Gold Plc.

The Earl De La Warr DL. – **Non-executive Director** (Age: 64)

William De La Warr has 35 years' experience in the securities industry. He was Director of Credit Lyonnais Securities (Broking) Ltd, formerly Laing & Cruickshank, both in institutional sales and corporate broking. Most recently he has worked at Shore Capital Stockbrokers and is Vice Chairman EMEA at Shore Capital International Limited, having particular involvement with the natural resources team.

Brian Anthony FitzGerald – **Non-executive Director** (Age: 68)

Brian FitzGerald has over 30 years' experience as a banker, having worked variously for Hambros Bank, E.D. Sassoon and Wallace Brothers Sassoon before joining Standard Chartered Bank in 1977 where he remained until 1991. He ran the Standard Chartered Investment Banking offices in Australia, Singapore and New York and returned to Head Office in 1987. Subsequently he was Chief Executive of Janson Green Plc, Deputy Chairman of Limit Plc and Chairman of Liberty Syndicate Management Ltd.

### ***Senior Management***

Following the successful completion of the AIM admission, Cluff Natural Resources will appoint a part time Finance Director and Company Secretary. A number of candidates have been identified to fill these roles and appointments will be made in due course.

### **The Placing, Subscription and Use of Proceeds**

The gross proceeds of the Placing are £3.75 million and the net cash proceeds to the Company of the Placing (after deduction of expenses estimated in total at approximately £0.47 million (excluding VAT)) are £3.28 million.

The Company intends to use the net funds received from the Placing to investigate and pursue potential investments and acquisitions, perform due diligence, contribute towards professional costs associated with an acquisition and fund the initial working capital requirements of the Company.

The Placing comprised the issue of 75,000,000 new Ordinary Shares by the Company representing approximately 86.2 per cent. of the Enlarged Issued Share Capital of the Company, together with the 37,500,000 certificated Warrants (on the basis of one Placing Warrant for every two Placing Shares).

In addition to the Placing, the Non-Executive Directors subscribed for 2,000,000 new Ordinary Shares in aggregate at 5p each.

### **Lock-in Arrangements**

In accordance with the AIM Rules, the Directors and their related parties (as defined in the AIM Rules), whose interests in the Company when taken together amount to 14.5 per cent. of the Enlarged Share Capital, have undertaken to SCS, SCC and the Company:

- not to dispose of any interest in their Ordinary Shares (including any Ordinary Shares which they may subsequently acquire within one year of Admission) or any warrants or options to subscribe for Ordinary Shares for a minimum period of 12 months following Admission except in the very limited circumstances allowed by the AIM Rules; and
- not to dispose of any interest in Ordinary Shares for a period of 12 months following the first anniversary of Admission otherwise than in an orderly manner through the Company's broker from time to time.

### **Admission to Trading and Dealing Arrangements**

Admission is effective and dealings in the Ordinary Shares commence today. Following the Placing, the Subscription and Admission the Enlarged Issued Share Capital of the Company comprises 87,000,000 Ordinary Shares.

The Ordinary Shares have the ISIN number GB00B6SYKF01, with SEDOL B6SYKF0. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

### **Long Term Incentive Agreement**

The Company has entered into a long term incentive agreement, the LTI Agreement, with Algy Cluff pursuant to which Mr. Cluff may acquire Ordinary Shares at nil cost equal to up to 3 per cent. of the Company's prevailing issued share capital as at 31 December in each of

the financial years 2012, 2013, 2014, 2015 and 2016, subject to the performance conditions summarised in paragraph 9.2 of Part IV of the Admission Document being met and to the terms and conditions of the LTI Agreement.

**Availability of the Admission Document**

Copies of the Admission Document are available to the public free of charge at the registered office address of the Company during normal business hours on any day (except Saturdays, Sundays and public holidays) for a period of one month from the date of Admission. This Admission Document is also available for download from the Company's website at [www.cluffnaturalresources.com](http://www.cluffnaturalresources.com).

Unless otherwise defined, terms used in this announcement have the defined meaning given to them in the Admission Document.

**\* \* ENDS \* \***