

Cluff Natural Resources plc / Index: AIM / Epic: CLNR / Sector: Natural Resources  
12 November 2013

**Cluff Natural Resources plc ("CNR" or "the Company")  
Raised £2 Million to Develop UK Deep Underground Coal Gasification Portfolio**

Cluff Natural Resources plc, a company founded by natural resources entrepreneur Algy Cluff, is pleased to announce that it proposes to raise £2.0 million by way of a placing and subscription of 66,666,667 new ordinary shares of 0.5 pence each ("Ordinary Shares") in the capital of the Company ("the Placing Shares") at a price of 3.0 pence per Placing Share ("the Placing") with a range of new and existing institutional investors together with a number of private investors. ("the Placees"). The funds raised will be utilised to advance the Company's Deep Underground Coal Gasification Licences ("Deep UCG") in the UK in line with its strategy to unlock energy by converting untapped coal into gas.

The Placing is conditional, amongst other things, upon Shareholders passing the resolutions to be proposed at a general meeting of the Company to be held at 11.00 a.m. on 28 November 2013 (the "General Meeting"). As a result, a circular (the "Circular") is expected to be sent to Shareholders today containing information in relation to the Placing and to convene the General Meeting. The Circular will be available on the Company's website at [www.cluffnaturalresources.com](http://www.cluffnaturalresources.com) in due course.

Since January 2013 the Company has been awarded five Deep UCG licences in the UK, totalling 30,881 hectares, by The Department for Energy and Climate Change and by The Coal Authority. The licence areas include Kincardine and Largo Bay in the Firth of Forth in Scotland; the Loughor Estuary in Carmarthenshire in Wales; the Dee Estuary in Merseyside and North Wales; and Whitehaven in North Cumbria. Deep UCG is a proven process which enables coal, in situ, to be converted into syngas, by partial oxidation, and has been utilised onshore in a number of countries such as Australia, South Africa, China, Canada and the United States of America. The Directors believe that Deep UCG offshore could lead to the gasification of much of the billions of tonnes of untapped coal surrounding the UK's coastline which is unable to be exploited economically by conventional coal mining.

CNR expects to use the funds raised to further its investing policy, including to help develop its five 100% owned Deep UCG licences in the UK. Planned work programmes include: feasibility studies, assessing geological and seismic data, 3-D geological modelling, securing land options for test drilling, conducting Environmental Impact Assessments and increasing levels of stakeholder engagement. The Company will also seek to appoint a Senior Project Manager or Chief Operating Officer to manage the development of its Deep UCG portfolio. Funds will also be utilised to strengthen the balance sheet, to support further licence and planning applications, the assessment of additional natural resources opportunities and on-going working capital.

In addition to the development of the Deep UCG licences CNR has acquired to date, the Company proposes to continue to evaluate other potential oil and gas projects in line with its investing policy, as it aims to build a portfolio of resource assets and create value for shareholders.

In order to put CNR in as strong a financial position as possible going forward, the Directors have identified a number of measures it proposes to implement to preserve the Company's cash resources and enable a greater share of future expenditure to be put towards the development its five Deep UCG licences and the pursuit of a transformational acquisition of an oil and gas project.

These measures include a commitment to reduce board and staff costs, together with a number of other measures identified by the Directors which are anticipated to significantly reduce the Company's projected cash expenditure in the calendar year 2014.

**Mr Algy Cluff, Chairman and Chief Executive of Cluff Natural Resources, commented,** "I am delighted to have secured this funding in order to progress the five Deep UCG licences we have successfully secured in the UK in 2013. With an estimated 1.75 billion tonne total coal resource within our portfolio we are eager to commence the necessary steps to unlock this stranded energy in order to address the UK's drastic energy shortfall and create value for shareholders."

### **Directors' Subscription**

Certain Directors have subscribed for the following Placing Shares:

<b>Director</b>	<b>Placing Shares subscribed for</b>	<b>Resulting holding of Ordinary Shares</b>	<b>% of Enlarged Share Capital</b>
Algy Cluff	500,000	11,567,914	7.46%
William de la Warr	666,666	2,466,666	1.59%
Nicholas Berry	500,000	900,000	0.58%

### **Related Party Transaction**

The Mercantile Investment Trust plc has subscribed for 6,666,666 Placing Shares in the Placing. The participation in the Placing by The Mercantile Investment Trust plc is a related party transaction under the AIM Rules as The Mercantile Investment Trust plc has been a substantial shareholder of the Company within the last twelve months. The Company's directors consider, having consulted with the Company's nominated adviser, Shore Capital & Corporate Limited, that the terms of the participation by The Mercantile Investment Trust plc in the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

## **Details of the Placing and Total Voting Rights**

Application will be made for the Placing Shares, which will rank *pari passu* with the existing Ordinary Shares in the Company, to be admitted to trading on AIM ("Admission"). Admission is expected to occur at 8.00a.m. on 29 November 2013. Following Admission the Placing Shares will represent approximately 43 per cent. of the Company's enlarged share capital and the total number of voting rights in the Company will be 155,000,000 Ordinary Shares. This number may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure and Transparency Rules.

## **Employment Claim**

The Company has received an employment tribunal claim from a former senior employee. Although the proceedings are still at any early stage, the Company is confident of its prospects in relation to the claim.

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

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

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## **Notes to Editors**

Cluff Natural Resources Plc is an AIM-listed resource company formed in 2012 to invest in natural resources opportunities both in the UK and globally. The Company currently has 100% working interests in five Deep Underground Coal Gasification ("Deep UCG") Licences in the UK and is aiming to unlock the energy potential in the UK via the Deep UCG process which involves converting stranded coal in-situ into gas.