

Cluff Natural Resources Plc
Update confirming significant progress under Memorandum of Understanding with
Halliburton on Southern North Sea and UCG assets

Cluff Natural Resources Plc ('CLNR' or 'the Company'), the AIM quoted natural resources investing company, is pleased to announce that under the terms of its memorandum of understanding ('MOU') with Halliburton Manufacturing and Services Limited ('Halliburton'), significant progress has been made in the context of accelerating the development of both the Company's Southern North Sea gas and Underground Coal Gasification ('UCG') assets in the UK. The Company and Halliburton are currently working together on a structure which will facilitate and accelerate the drilling of one or more wells on CLNR's conventional licences in the Southern North Sea. At the same time Halliburton is providing technical and geological assistance in the development of CLNR's Southern North Sea assets and its Kincardine UCG Project in the Firth of Forth, Scotland ('Kincardine'). This technical support is being utilised to develop the proposed submission of a planning application for a UCG production test at Kincardine.

Background

CLNR has five promote licences covering a total of eleven blocks in an emerging gas province of the Southern North Sea by the Department of Energy and Climate Change ('DECC') for conventional gas exploration. The Company was awarded the licences in December 2014 following the UK's 28th Round of Offshore Licencing and expects to announce a contingent resource statement later in the year.

CLNR's UCG portfolio of nine licences provides exposure to five different coal basins in Scotland, England and Wales. The Company's initial focus is to progress its Kincardine Project in the Firth of Forth, Scotland as it looks to develop the UK's first deep offshore UCG project.

Algy Cluff, Chief Executive & Chairman commented: *"We are delighted with the progress that has been made since the signing of the MOU with Halliburton in February. We are excited about the prospect of continuing to develop our strategic relationship with Halliburton with a view to accelerating the development and commercialisation of our assets and look forward to providing further updates in due course."*

****ENDS****

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NOTES FOR EDITORS

Underground Coal Gasification ("UCG") Assets

- CLNR currently holds nine UK licences for deep UCG, covering a total area of 690km².
- UCG is a proven industrial process which allows coal to be converted into gas in-situ.
- UCG provides the opportunity to unlock an indigenous energy resource which is currently stranded due to its location and due to the entrenched decline of UK's mining industry.
- The establishment of a new UCG industry in the UK will create new employment opportunities and tax revenues, with skills requirements similar to other industries currently in decline in the UK including coal mining, oil & gas and the petrochemical industries.
- In addition, UCG will increase UK security of energy supply by utilising indigenous resources and providing a diversification of supply.
- CLNR's initial focus is to progress its Kincardine project (the "Project") and will be seeking planning consent for this project.
- The Project will comply with all relevant planning, permitting and environmental protection legislation. CLNR intends to work closely with the consent authorities and regulators in preparing its planning application for the Project.

Southern North Sea Gas Assets

In December 2014, DECC awarded CLNR five promote licences for conventional gas exploration covering a total of eleven blocks, in an emerging gas province of the Southern North Sea.

The blocks are located in an under-explored, emerging gas province of the Southern North Sea, with diverse, high-potential play fairways and trap types in both the Zechstein and the Carboniferous. Significant interest in the area has recently been rejuvenated by breakthroughs in Broadband 3-D seismic surveying which acquires high resolution images below the Permian overburden, drilling and stimulation technologies.

Notable developments in the wider area include the completion of a multi-client 3-D survey (covering CLNR block 42/1 and part of CLNR blocks 41/5 and 41/10), the Pegasus West Gas Discovery (operated

by Centrica, which flowed approximately 90MMscf/day on test from Namurian reservoirs), first gas production from the Breagh Field (operated by RWE Dea, estimated to contain nearly 600bcf of recoverable gas reserves) in October 2013 and on-going development of the Cygnus Gas Field (operated by GDF Suez) where first gas production is due in 2015.

All of CLNR's blocks are located in relatively shallow water where new conventional gas discoveries can be developed quickly and regional infrastructure is in place.