

2 December 2015

Cluff Natural Resources Plc ('CLNR' or 'the Company')

Competent Persons Report for Southern North Sea Assets**Significant gas potential confirmed by independent consultants**

Cluff Natural Resources Plc, the AIM quoted natural resources investing company, is pleased to announce that it has received a Competent Persons Report (“CPR”) demonstrating prospective resources contained in four of the Company’s licences located in the Southern North Sea . Highlights and the results of the CPR completed by Axis Well Technology (“Axis”), an independent oil and gas consultancy firm, are summarised below:

Licence Ref:	CLNR Equity	Project ID	PRMS Status	Prospective Resource (BCF)				Risk Factor %
				P90 / Low	P50 / Best	Mean**	P10 / High	
P2252	100%	Lytham Permian	Prospect	12	52	85	195	51
		Lytham Carboniferous	Prospect	12	44	67	149	30
		Fairhaven	Prospect	9	36	56	125	26
		St Annes Permian	Lead	4	14	23	52	20
		St Annes Carboniferous	Lead	4	16	26	58	12
P2261	100%	Clachnaharry*	Lead	9	43	86	207	12
		Williamson	Lead	10	20	23	40	27
		Carboniferous	Play	90	270	270	450	Medium-High
P2253	100%	Carboniferous	Play	85	170	170	255	Medium
P2248	100%	Carboniferous	Play	90	180	180	270	Medium

*Net on block resources

**The mean has been added for completeness but is not recognised under PRMS guidelines

P2252 (100% Working Interest, Promote) – Lytham & Fairhaven Prospects

- Best Estimate unrisked Gas Initially In Place (GIIP) of 233 BCF of which 132 BCF are estimated as unrisked P50 Prospective Resources with significant upside potential (unrisked P10 case = 479 BCF)
- Previous wells on Lytham and Fairhaven prospects indicated the presence of gas in both the Zechstein and Carboniferous which was not adequately appraised due to various technical failures and historical views on reservoir deliverability which have moved on since the Breagh field was brought into production.

- An additional unrisks 30 BCF of P50 Prospective Resources is associated with the St Annes Lead
- Company expects further upside potential associated with a previously untested Zechstein Carbonate play, which is analogous to producing Zechstein reservoirs in the Netherlands, to be verified in due course.

P2261 (100% Working Interest, Promote) – Clachnaharry and Williamson Leads

- Best Estimate unrisks Gas Initially In Place (GIIP) of 104 BCF of which 63 BCF are estimated as unrisks P50 Prospective Resources with significant upside potential (unrisks P10 case = 247 BCF)*
- The Carboniferous sequence within this licence area is also considered highly prospective based on significant recent discoveries at Pegasus West and Crosgan and has been assessed at ‘play’ level to contain undiscovered unrisks GIIP of 465 BCF (Best Estimate) and unrisks potential gas resources of 270 BCF (Best Estimate)

*NB: These are ‘on block’ totals as the Clachnaharry trap persists outwith the CNR licence area

P2253 and P2248 (100% Interest, Promote) – Highly Prospective Carboniferous Play Geology

- The Carboniferous geology in these blocks is considered to be highly prospective, capable of hosting a number of traps analogous to those discovered at Pegasus West, which tested at more than 90 million SCF of gas per day, and Crosgan
- Assessed at ‘play’ level these licences could contain undiscovered unrisks GIIP of 608 BCF (Best Estimate) and unrisks potential gas resources of 350 BCF (Best Estimate)

The Company’s fifth licence area, P2259, is subject to planned windfarms and as such the Report does not consider the potential prospectivity of this licence.

A copy of the full CPR report can be found on the following link: http://www.rns-pdf.londonstockexchange.com/rns/7920H_-2015-12-2.pdf.

Ongoing Technical Evaluation

The completion of this Report is one of a series of steps in the evaluation of the CLNR’s Southern North Sea gas assets and its contents will be incorporated into the wider technical evaluation of the licences before any decision is taken as to drilling location(s) or well design.

The Report assesses the resources of the prospects and leads based on legacy reports made available to Axis by CLNR and based on an effective date of 1 November 2015. Additional technical work is required to further confirm the upside potential which is considered to be associated with both the Zechstein Carbonate and Carboniferous plays identified in the Report. This includes the purchase and interpretation of further 3rd party seismic datasets, reprocessing of historical seismic data and the detailed petrophysical analysis of on block and analogue wells to enhance regional knowledge and de-risk specific prospects which emerge from this work.

Commenting CNR’s Chairman and Chief Executive Algy Cluff said: “We are extremely pleased to present this independent assessment of the prospectivity of our portfolio of Southern North Sea licences. The report confirms the excellent potential associated with previously acknowledged discoveries in the area but also highlights the significant upside that exists within the Carboniferous which was spectacularly demonstrated by the nearby discovery at Pegasus West by Centrica in 2014, which tested at more than 90 million SCF of gas per day.

We continue to develop our understanding of the potential of the Carboniferous and the Zechstein Carbonate plays identified in the Report while working on a detailed appraisal programme for the Lytham discovery to gather the missing data required to de-risk this potential future development.

With no debt or major work commitments, CNR is in a comparatively strong position to take advantage of opportunities which may arise given the challenging oil price environment. Our objective now is to complete the process of attracting the partners required to fully appraise the production potential of these exciting assets.”

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Qualified Person's Statement:

Andrew Nunn, CLNR's Chief Operating Officer, has approved the information contained in this announcement. Mr Nunn is a Chartered Geologist.

The GIIP volumes and Prospective Resources in the CPR have been prepared in accordance with the 2007 Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE), reviewed, and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE).

Glossary of Technical Terms

PMRS: Petroleum Resources Management System (2007)

BCF: Billion Cubic Feet

GIIP: Gas Initially In Place

SCF: Standard Cubic Feet

Prospective Resources: Are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled.

Risk factor: for prospective resources, means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This, then, is the chance or probability of the prospective resource maturing into a contingent resource. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment and

political risks). The chance of commerciality is the product of these two risk components. These estimates have been risked for chance of discovery but not for chance of development.

APPENDIX 1

Definition of Prospective Resources, P90, P10, P50, Pmean

While there may be a significant risk that sub-commercial or undiscovered accumulations will not achieve commercial production, it is useful to consider the range of potentially recoverable volumes independently of such a risk.

Prospective Resources are those quantities of petroleum which are estimated to be potentially recoverable from undiscovered accumulations. These estimates are derived from volumetric estimates for the reservoir size, estimates of the reservoir characteristics (porosity, permeability, oil saturation). The basis of these estimates would be available geological and geophysical data, and the data from any existing wells in the given area.

Any estimation of resource quantities for an accumulation is subject to both technical and commercial uncertainties and consequently there will be a range of estimates which in general will be substantially greater for undiscovered accumulations than for discovered accumulations. In all cases, however, the actual range will be dependent on the amount and quality of data (both technical and commercial) which is available for that accumulation. As more data become available for a specific accumulation (for example wells and reservoir performance data) the range of uncertainty would be reduced.

Probabilistic methods are normally used to quantify the uncertainty in these estimated quantities and the results of the analysis are typically presented by stating resource quantities at the following levels of confidence:

- **P90 resource** reflects a volume estimate that, assuming the accumulation is developed, there is a 90% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a low estimate of resource.
- **P50 resource** reflects a volume estimate that, assuming the accumulation is developed, there is a 50% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a median or best case estimate of resource.
- **P10 resource** reflects a volume estimate that, assuming the accumulation is developed, there is a 10% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a high estimate of resource.
- **Pmean** is the mean of the probability distribution for the resource estimates. This is often not the same as P50 as the distribution can be skewed by high resource numbers with relatively low probabilities.