

Cluff Natural Resources Plc ('CLNR' or 'the Company')
Signed Heads of Terms for Proposed Acquisition of North Sea Licences

CLNR, the natural resources investing company with gas assets in the Southern North Sea, is pleased to announce that it has signed Heads of Terms with Verus Petroleum (CNS) Limited and Verus Petroleum (SNS) Limited (both wholly-owned subsidiaries of Verus Petroleum UK Limited) ('Verus') in relation to the proposed acquisition of up to a 25% participating interest held by Verus in three licences located in the Central North Sea and the Moray Firth. These licences, two of which are effectively drill ready, are operated by The Parkmead Group, which estimates the potential for 400 million barrels of recoverable oil in aggregate.

Key Highlights

- The Company proposes initially to acquire a 5% non-operated interest in UK Continental Shelf ('UKCS') Licences P1944 (Block 14/20e) and P2156 (Block 15/11 & 15/16f) located in the Outer Moray Firth, which contain the "Fynn" and "Penny" exploration prospects located below the shallow Tertiary sands that were found to contain heavy oil
- The Heads of Terms provide for an exclusive option which allows CLNR to increase its equity position in Licences P1944 and P2156 by 20% to 25% within a period of nine months following execution of the sale and purchase agreement for the acquisition of the initial 5% interest ('SPA')
- The Heads of Terms additionally provide for an exclusive option to acquire, within the same nine month period, a 25% interest in Licence P2082 (Blocks 30/12c, 13c, 17e & 18c) which is located in the Central North Sea and contains the "Skerryvore" exploration prospect
- All three licences are operated by The Parkmead Group (AIM: PMG) and, based on significant subsurface work completed to date, the operator's preliminary estimate for the licences is approximately 400 million barrels of potentially recoverable oil in aggregate (or approximately 100mmboe net to CLNR post exercise of the options)
- The Skerryvore and Fynn prospects are effectively drill ready and CLNR expects that a well on each prospect will be drilled within the next 12 to 24 months to take advantage of the lower cost operating environment which currently persists in the UKCS

- The consideration for the proposed acquisition and for the option agreements shall be £1 each with the economic date being 1 January 2016
- Further details will be released once the SPA and option agreements are entered into

The proposed acquisition remains subject to the parties entering into a binding contract and other customary conditions, including but not limited to: satisfactory completion of commercial, technical and legal due diligence by CLNR; third party consent; and governmental approval.

Commenting CLNR's Chairman and Chief Executive Algy Cluff said:

“We are delighted to have been able to take advantage of the current circumstances in the North Sea which have seen a number of very high quality exploration and appraisal assets become available at low or even no cost. These proposed acquisitions complement our existing five licences in the Southern North Sea which demonstrated significant gas potential and represent the first steps to creating a diversified portfolio of exploration and appraisal assets. Our objective now is to complete the acquisition process and begin working with our new partners to fully appraise the significant production potential of these exciting assets.”

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.

****ENDS****

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Glossary of Technical Terms

mmboe: Millions of Barrels of Oil Equivalent

UKCS: UK Continental Shelf