

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

Update on North Sea Licences P2253 & P2258

Completes Cross Assignment of North Sea Licences and Resource Update Demonstrates Significant Prospective Resources for Licences P2253 & P2258

Cluff Natural Resources Plc, the AIM listed natural resources investing company, is pleased to announce that it has received all the regulatory approvals required to complete the cross assignment of equity positions in two contiguous licence areas in the Southern North Sea with Simwell Resources Limited ('Simwell') and Burgate E&P Limited ('Burgate'), which the Company announced on 9 June 2016. The equity position across both licences is now 50% CLNR, 45% Simwell & 5% Burgate. Burgate will act as Licence Administrator on both licences.

The Company is also pleased to announce a resource update on these licences ahead of the publication of a Competent Persons Report ('CPR') on its Licence P2248, which is now expected to be around mid-October 2016.

Algy Cluff, Chairman and Chief Executive of Cluff Natural Resources commented:

"We are pleased to announce the positive outcome of the initial work carried out by our partners on these Southern North Sea licences. The conclusions support the further appraisal and potential development of what could be a significant new gas field with potential combined net P50 resources of 303 BCF and we look forward to working with Simwell and Burgate to further progress the technical evaluation of these assets."

Key Highlights

- Cross assignment of equity positions completed in the 28th Round Promote Licences P2253 (Block 42/14b, 100% CLNR) and P2258 (Block 42/15b, 90% Simwell, 10% Burgate) located in the Southern North Sea gas basin.
- Prospective Resources associated with those leads on P2253 and P2258 have been provided by Simwell Resources, and reviewed by the Company, with gross GIIP estimated to be in the range of 576BCF to 2,602 BCF and combined P50 net Prospective Resources of 303 BCF of gas for Lead Z, C North and Hz-80 Fault Abutment.
- A significant structural closure within the Carboniferous had been previously identified straddling the boundary of the two licence areas. Technical work completed by Simwell since

the cross-assignment agreement in June 2016 has refined the interpretation of this structure and identified further leads in the Carboniferous and Zechstein which has significantly increased the prospectivity of the acreage.

- P2258 also contains a small discovery (Furasta - Well 42/15-1) in the Bunter Sandstone which flowed at a rate of 19.6mmscfd on test. The Furasta discovery has a mid-case GIIP of 23.5 BCF and P50 Contingent Resources of 17.6 BCF (8.8 BCF net to CLNR) based on estimates published by historical holders of the licence.
- Licence work commitments associated with both blocks have been completed and future technical work will focus on de-risking the prospect further with the aim of securing a favourable farm-out arrangement which would allow the larger Carboniferous prospect to be fully appraised.
- There is no consideration or recovery of back costs associated with the cross assignment and all future costs will be shared in-line with equity positions.

Full Prospective Resource Tables

| Licence Ref: | CLNR Equity | Lead ID | PRMS Status | Gross GIIP (BCF) | | |
|---------------|-------------|----------------------|-------------|------------------|-------|-------|
| | | | | Low | Mid | High |
| P2253 & P2258 | 50% | Lead Z | Lead | 191 | 460 | 1027 |
| | | C North | Lead | 144 | 305 | 588 |
| | | Hz-80 Fault Abutment | Lead | 241 | 512 | 987 |
| TOTALS | | | | 576 | 1,277 | 2,602 |

| Licence Ref: | CLNR Equity | Project ID | PRMS Status | Net Prospective Resource (BCF) | | | | Risk Factor % |
|---------------|-------------|----------------------|-------------|--------------------------------|------------|--------|------------|---------------|
| | | | | P90 / Low | P50 / Best | Mean** | P10 / High | |
| P2253 & P2258 | 50% | Lead Z | Lead | 54 | 139 | 173 | 335 | 15 |
| | | C North | Lead | 24 | 61 | 73 | 137 | 13 |
| | | Hz-80 Fault Abutment | Lead | 40 | 103 | 123 | 230 | 11 |
| TOTALS | | | | 118 | 303 | 369 | 702 | - |

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 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).

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For further information please visit www.cluffnaturalresources.com or contact the following:

Cluff Natural Resources Plc Tel: +44 (0) 20 7887 2630

Algy Cluff / Graham Swindells / Andrew Nunn

Panmure Gordon (UK) Limited Tel: +44 (0) 20 7886 2500

Adam James / Atholl Tweedie (Corporate Finance)

Tom Salvesen (Corporate Broking)

Allenby Capital Limited Tel: +44 (0) 20 3328 5656

Chris Crawford / Katrina Perez (Corporate Broking)

St Brides Partners Ltd Tel: +44 (0) 20 7236 1177

Lottie Brocklehurst / Frank Buhagiar (Financial PR)

Glossary of Technical Terms

PMRS: Petroleum Resources Management System (2007)

mmscfd: Million Standard Cubic Feet Per Day

BCF: Billion Cubic Feet

GIIP: Gas Initial in Place

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.

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.