

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

This announcement is for information purposes only and shall not constitute an offer to sell or issue or the solicitation of an offer to buy, subscribe for or otherwise acquire any new ordinary shares of Cluff Natural Resources Plc in any jurisdiction in which any such offer or solicitation would be unlawful. Please see the important notice later in this announcement.

Cluff Natural Resources Plc / Index: AIM / Epic: CLNR / Sector: Natural Resources

4 November 2016

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

Proposed placing and subscription to raise approximately £1.8m

Cluff Natural Resources Plc, the AIM quoted natural resources investing company, announces its intention to conduct a placing (the "**Placing**") and subscription (the "**Subscription**") (together the "**Placing and Subscription**") of new ordinary shares to raise a total of approximately £1.8 million (before expenses). It is intended that the price at which all new ordinary shares are to be issued (the "**Placing and Subscription Price**") will be at or around 2.5 pence per new ordinary share.

It is intended that the new ordinary shares to be issued in connection with the Placing (the "**Placing Shares**") will be issued in two tranches, with the majority being conditional, *inter alia*, on the approval of shareholders at a forthcoming general meeting (the "**General Meeting**"), which will be convened to seek authority for the Directors to issue and allot further new ordinary shares otherwise than on a non-pre-emptive basis, further details of which are set out below. All new ordinary shares to be issued in the Subscription (the "**Subscription Shares**") will be issued conditional, *inter alia*, on the approval of shareholders at the General Meeting.

The Company's Chairman and Chief Executive, Algy Cluff, has indicated an intention to participate in the Subscription. Certain of the Company's current significant shareholders have also indicated their intention to participate in the Placing and the Subscription. Members of the public will not be entitled to participate in either the Placing or the Subscription.

The Placing and Subscription will be conducted by way of an accelerated book build ("**Bookbuild**") and Allenby Capital Limited will be acting as sole bookrunner in relation to the Bookbuild. The number of Placing Shares, pricing and the aggregate proceeds to be raised through the Placing and Subscription will be finally determined following completion of the Bookbuild process. A further announcement in respect of these details will be made following completion of the Bookbuild process. The timing of the closing of the book and allocations are at the discretion of Allenby Capital Limited (after discussion with the Company).

Background to the Placing and Subscription

In the course of 2016 the Company has made significant and successful investment in geological and technical work and made significant progress in enhancing the understanding of the prospectivity of the Company's Southern North Sea gas licences. This work culminated in the Company publishing a Competent Persons Report on its Licence P2248 in October which indicated an increase in P50 net prospective resource on that licence to 1.73 TCF of gas (equivalent to just under 300 million barrels of oil). Having successfully achieved its objective for 2016, the Company is now seeking to fund the next stage in its development.

Use of Proceeds

The Directors expect that the Placing and Subscription will fund the Company through to Q4 2017 and the net proceeds will enable the Company to work towards its stated core strategic aims of:

- Farming down its 100% equity position in two production licences in the Southern North Sea Gas Basin which have a combined, independently assessed P50 Prospective Resource of approximately 1.9 TCF (approximately 330 million barrels of oil equivalent)
- Continuing to quantify and de-risk known leads and prospects both on existing licences and any further licences awarded as a result of the 29th offshore licencing round
- Completing the technical and environmental studies required to ensure successful participation in the 30th licensing round which is expected to be opened in 1H 2017
- Supporting the identification of potential complimentary low cost acquisitions to create a balanced portfolio of oil and gas assets within the United Kingdom Continental Shelf

Algy Cluff, Chief Executive & Chairman commented: "As a company, we have achieved significant progress over the past year which culminated in the publication of the Competent Persons Report and independent confirmation of the significant resource potential contained

within licence P2248. We are now focussed on creating further value for shareholders from our 100% equity stakes in what we know to be highly valuable and strategic assets in the Southern North Sea. Over the coming months, the Company anticipates running a competitive farm-out process to ensure the best possible outcome for shareholders.”

Potential Board Appointment

The Company also announces that the Directors are considering the appointment of an additional Non-Executive Director to the Board of the Company. The Company is in advanced discussions with a preferred candidate with over 30 years’ of industry experience in Exploration and Production, primarily with oil and gas majors and with particular expertise in Southern North Sea gas. The appointment of the proposed Director will be subject to the Company and the candidate agreeing commercial terms and the satisfactory completion of the usual regulatory due diligence process. Further updates will be made at the appropriate time.

Further details regarding the Placing and Subscription

Neither the Placing Shares nor the Subscription Shares will be offered generally to the Company's existing shareholders on a pre-emptive basis. Participation in the Placing and Subscription will be limited to certain qualifying institutional investors who are invited, and who choose, to participate. Certain of the Company’s existing significant shareholders have indicated their intention to participate in the Subscription. Neither the Placing Shares nor the Subscription Shares are being made available to the public and are not being offered or sold in, into or from the United States of America, Canada, the Republic of South Africa, Australia, Japan or any other jurisdiction where it would be unlawful to do so.

The Company currently has limited authority to issue new ordinary shares for cash on a non-pre-emptive basis. Accordingly, it is intended that the Placing will be conducted in two tranches. The Company anticipates that approximately 40 per cent. of the total Placing and Subscription will be raised within the Company's existing share allotment authorities, with the issue of the first tranche of Placing Shares being conditional upon the admission of such Placing Shares to trading on AIM.

It is intended that the balance of the Placing and all of the Subscription, will be conditional upon, *inter alia*, the passing of resolutions granting the Directors authority to issue and allot new ordinary shares otherwise than on a non-pre-emptive basis, which will be put to shareholders at the forthcoming General Meeting, whereby such authority will be utilised by the Directors to enable completion of the second tranche of the Placing and the entire Subscription.

A further announcement in respect of the total number of Placing Shares and Subscription Shares to be issued, the final issue price of the Placing Shares and Subscription Shares, the aggregate proceeds to be raised through the Placing and Subscription and the timing of the

admission of the Placing Shares and the Subscription Shares to trading on AIM will be made in due course, as soon as is practicable, once these details have been finally determined.

Following admission to trading on AIM, the Placing Shares and the Subscription Shares will be issued credited as fully paid and will rank *pari passu* with the Company's existing ordinary shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares after the date of issue.

Neither the Placing nor the Subscription is being underwritten.

Market Abuse Regulation

The Market Abuse Regulation ("MAR") became effective from 3 July 2016. Market soundings, as defined in MAR, were taken in respect of the Placing and the Subscription, with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this announcement and has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

Important notice

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

This announcement does not constitute, or form part of, a prospectus relating to the Company, nor does it constitute or contain any invitation or offer to any person, or any public offer, to subscribe for, purchase or otherwise acquire any shares in the Company or advise persons to do so in any jurisdiction, nor shall it, or any part of it form the basis of or be relied on in connection with any contract or as an inducement to enter into any contract or commitment with the Company.

The content of this announcement has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

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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.

Glossary of Technical Terms

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.
TCF:	Trillion Cubic Feet

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.

Mean 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.

****ENDS****

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