

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.

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

31 May 2017

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

Operations Update – Licence P2248

CLNR, the natural resources investing company with gas assets in the Southern North Sea, is pleased to provide an operational update on its 100% owned asset P2248, located in the Southern North Sea.

Highlights

- Further analysis of seismic data has further de-risked the Bunter Sandstone Prospects potentially unlocking a new regional Bunter Sandstone play with significant resource potential at low cost
- Key risk of the Cadence Prospect has been further addressed with revised fault interpretation resulting in a significantly more robust structure with two potentially independent, lower risk compartments within the larger Cadence prospect now clearly identified
- Farm-out process for P2248 on-going with encouraging level of traffic through the dataroom with targeted closing of the dataroom during the summer

Commenting CNR’s Chairman and Chief Executive Algy Cluff said:

“The on-going technical work continues to enhance the prospects identified by the Company and directly feeds into the on-going farm-out process. The interest in the dataroom to date has been very encouraging, especially in the context of other regional activities which include a deep Carboniferous exploration well currently being drilled by BP to the south of our licences, the results of which we, and the industry as a whole, are eagerly anticipating. These regional activities could have a significant positive impact on the farm-out process and we continue to monitor their progress carefully.”

Further Information

P2248 Bunter Sandstone Prospects

As previously announced, CLNR's assessment of the 3D seismic data identified three large Bunter Sandstone prospects with combined P50 Prospective Resources in excess of 800 BCF, as confirmed in the Competent Persons Report ('CPR') published in October 2016.

Further analysis of the seismic data, including a pre-stack inversion, has confirmed that each prospect has an associated direct hydrocarbon indicator ('DHI') in the form of an amplitude versus offset ('AVO') response which are analogous to the adjacent Bunter Sandstone fields, including Esmond (which produced 313 BCF between 1985 and 1996) and the Furasta discovery (tested at 19.6 mmscf/day), and are clearly distinct from the Class I AVO anomalies associated with the failed Bunter exploration wells that have been drilled historically by third parties.

The Board believes that these positive AVO responses further de-risk the three Bunter Sandstone prospects located on CLNR's licence and potentially unlocks a new regional Bunter Sandstone play with significant resource potential accessible at low cost given the shallow water environment and high quality reservoir.

P2248 Cadence Carboniferous Prospect

The key risk associated with the 929 BCF (P50 Prospective Resources) Cadence Carboniferous prospect, as identified in the Company's CPR, was the sealing potential of the main bounding fault. To further address this risk a further detailed structural interpretation focusing on the bounding fault and its sealing potential has now been completed, with the revised fault interpretation resulting in a significantly more robust structure and two potentially independent, lower risk compartments within the larger Cadence prospect have now been clearly identified. The results are particularly encouraging at the Scremerston Formation level where fault seal analysis has confirmed the potential for hydrocarbon column heights in the Scremerston Formation of several hundred metres.

Farm-out Process

The farm-out process in respect of P2248 and P2252 is currently on-going and the Company has been encouraged by the level of traffic through the dataroom. The fault seal analysis will be circulated, along with the results of the AVO analysis, to the dataroom participants with the aim of closing the dataroom during the summer.

The Company will update the market on progress as appropriate.

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 who meets the criteria of a qualified person under the AIM Guidance Note for Mining, Oil and Gas Companies.

Glossary of Technical Terms

Amplitude versus offset:	In geophysics and reflection seismology, amplitude versus offset (AVO) or amplitude variation with offset is the general term for referring to the dependency of the seismic attribute, amplitude, with the distance between the source and receiver (the offset). AVO analysis is a technique that geophysicists can execute on seismic data to determine a rock's fluid content, porosity, density or seismic velocity, shear wave information and fluid indicators (including hydrocarbon indications).
BCF:	Billion Cubic Feet.
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.
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.
mmscf/day:	million standard cubic feet per day.
TCF:	Trillion Cubic Feet.

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