

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATIONS (EU) NO. 596/2014 ("MAR"). IN ADDITION, MARKET SOUNDINGS WERE TAKEN IN RESPECT OF THE MATTERS CONTAINED IN THIS ANNOUNCEMENT, WITH THE RESULT THAT CERTAIN PERSONS BECAME AWARE OF SUCH INSIDE INFORMATION. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN AND SUCH PERSONS SHALL THEREFORE CEASE TO BE IN POSSESSION OF INSIDE INFORMATION.**

27 June 2018

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

**Cluff Natural Resources Plc**  
( 'CNR' or 'the Company' )

### **Placing and Subscription to raise £2 million**

Cluff Natural Resources Plc, the AIM quoted natural resources investing company with a high impact exploration and appraisal portfolio focused on the Southern North Sea gas basin, is pleased to announce a placing (the "**Placing**") and subscription (the "**Subscription**") (together the "**Placing and Subscription**") of a total of 95,238,090 new ordinary shares to raise a total of £2 million (before expenses). All new ordinary shares are to be issued at a price of 2.1 pence per new ordinary share (the "**Placing and Subscription Price**").

#### **Use of proceeds**

Following the highly successful outcome from the Company's applications in the UK's 30<sup>th</sup> Offshore Licensing Round, culminating in the provisional award of 10 blocks in the Southern and Central North Sea, containing both oil and gas prospects, the Company has decided to raise additional funds to accelerate the evaluation and development of the Company's enlarged portfolio of assets.

In addition to providing general working capital, the proceeds of the Placing and Subscription will be principally used to:

- accelerate the technical and commercial evaluation of the additional Central and Southern North Sea oil and gas licences awarded in the 30<sup>th</sup> Offshore Licensing Round and determine future drilling opportunities;
- continue the process of seeking to secure farm-in partner(s) and/or strategic investors to fund drilling on the Company's existing licences P2248 and P2252; and
- continue planning for a prospective multi-well drilling programme in 2019 on key exploration targets on existing licences P2248 and P2252.

The Directors expect that the net proceeds of the Placing and Subscription will fund the Company for a minimum of 12 months.

#### **CNR's Chairman, Algy Cluff, commented:**

"Our outstanding result in the 30<sup>th</sup> Licensing Round exceeded even our own expectations. The awards build on the Company's core competencies focussed primarily on the Southern North Sea but also include blocks in the Central North Sea which contain oil prospects, further enhancing and diversifying our portfolio. Due to the significant expansion of the size and nature of the Company's portfolio of prospects, the Board now has the opportunity to accelerate investment in the technical and commercial evaluation of both oil and gas prospects to create a significant pipeline of future drilling opportunities, while continuing its current process of securing partners for its existing licences to implement its planned drilling programme in 2019."

#### **Background to the Placing and Subscription**

On 23 May 2018, the Company announced that it had been provisionally awarded licences covering 10 full and part blocks, by the UK Oil and Gas Authority in the UK's 30<sup>th</sup> Offshore Licencing Round. The award of these blocks

represented an extremely successful outcome with the majority of blocks applied for being awarded to the Company.

The awarded blocks build on the Company's core competencies and are focussed primarily on the Southern North Sea but also included blocks in the Central North Sea which contain oil prospects, further enhancing and diversifying the Company's portfolio and pipeline.

The Board considers the blocks awarded to be highly prospective, with many containing undeveloped discoveries and exploration upside which significantly enhances both the pipeline of potential drilling opportunities and the overall prospective resources associated with the Company's portfolio. The Company has estimated that the additional licences add a further 1.9 TCF of P50 prospective resource taking the Company's total resource base to approximately 4.3 TCF (approximately 700 million barrels of oil equivalent) which it is seeking to exploit, via the proceeds of the Placing and Subscription.

The Promote Period and the Initial Term of the Company's existing P2248 and P2252 Southern North Sea Gas licences will run until 30 November 2018, subject to a drill or drop decision being made by 30 September 2018. The Company has received interest from a number of parties in respect of a P2248 and P2252 farm-out process, which is aimed at allowing drilling to occur on P2248 and P2252 in line with the terms of the licenses and the Company remains in dialogue with a number of companies who have shown interest to date. In parallel with the farm out process, the Company is also exploring various additional forms of financing which will support its ultimate aim of drilling one or more wells on each of these licences in 2019. While there can be no guarantee of achieving a farm out or an alternative financing for drilling (or a combination of these) within this timescale, the sustained period of higher oil and gas prices coupled with significantly reduced drilling costs and an attractive fiscal and regulatory regime have resulted in significant renewed interest in the North Sea and provides a positive backdrop to this process. If, however, a drilling commitment in line with the terms of the license is not concluded before 30 September 2018, the Company will need to seek to negotiate an extension from the UK's Oil & Gas Authority and there can be no guarantees regarding the outcome of this process.

#### **Details of the Placing and Subscription**

A total of 80,507,590 new ordinary shares are to be issued in the Placing (the "**Placing Shares**") and a total of 14,730,500 new ordinary shares are to be issued pursuant to the Subscription (the "**Subscription Shares**"). Both the Placing Shares and the Subscription Shares are to be issued pursuant to the Company's existing share authorities. All Placing Shares and Subscription Shares will be issued at the Placing and Subscription Price of 2.1 pence per new ordinary share.

The Placing is conditional, *inter alia*, upon compliance by the Company with its obligations under the Placing Agreement (as described further below) and admission of the Placing Shares and the Subscription Shares to trading on AIM ("**Admission**") becoming effective by not later than 8.00 a.m. on 4 July 2018 (or such later time and/or date (not being later than 1 August 2018) as Turner Pope Investments (TPI) Limited ("**TPI**") and the Company may agree). The Subscription is also conditional upon Admission.

Application has been made to the London Stock Exchange for the Placing Shares and the Subscription Shares to be admitted to trading on AIM and Admission is expected to occur on 4 July 2018.

#### **The Placing Agreement**

Pursuant to the terms of the Placing Agreement, TPI, as agent for the Company, has agreed conditionally to use its reasonable endeavours to procure places for the Placing Shares at the Placing and Subscription Price. The Placing is not being underwritten. The obligations of TPI under the Placing Agreement are conditional, among other things, upon Admission becoming effective by not later than 8.00 a.m. on 4 July 2018 (or such later time and/or date (not being later than 1 August 2018) as TPI and the Company may agree).

The Placing Agreement contains certain warranties and indemnities given by the Company in favour of TPI as to certain matters relating to the Company's group and its business. The obligations of TPI under the Placing Agreement may be terminated in certain circumstances if there occurs either a breach of any of the warranties

or if a materially adverse event occurs at any time prior to either Admission. If the conditions in the Placing Agreement are not fulfilled on or before the relevant date in the Placing Agreement or, if applicable, waived then the relevant placing monies will be returned to placees without interest at their own risk. The Placing Agreement also provides for the Company to pay TPI commissions and certain other costs and expenses incidental to the Placing.

### **Total Voting Rights**

On Admission, the Company's issued ordinary share capital will consist of 538,173,289 ordinary shares, with one voting right each. The Company does not hold any ordinary shares in treasury. Therefore, on Admission, the total number of ordinary shares and voting rights in the Company will be 538,173,289. With effect from Admission, this figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

### **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares and the Subscription Shares have been subject to a product approval process, which has determined that the Placing Shares and the Subscription Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, investors should note that: the price of the Placing Shares and the Subscription Shares may decline and investors could lose all or part of their investment; Placing Shares or Subscription Shares offer no guaranteed income and no capital protection; and an investment in Placing Shares or Subscription Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, only investors who have met the criteria of professional clients and eligible counterparties have been procured. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to Placing Shares or Subscription Shares.

**\*\*ENDS\*\***

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### **Notes to Editors**

Cluff Natural Resources is a natural resources investing company listed on the AIM market on the London Stock Exchange (CLNR.L) primarily focussed on the Southern North Sea gas basin, with a high impact portfolio of operated, high working interest exploration and appraisal assets.

The Company has 100% of Licenses P2248 and P2252 in the North Sea gas basin with a significant P50 prospective resource base of 2.4 TCF across 11 prospects with chances of success ranging from 9 to 49%.

On 23 May 2018, the Company was provisionally awarded an additional 10 blocks in the Southern and Central North Sea by the UK Oil and Gas Authority in the UK's 30th Offshore Licencing Round. These blocks contain oil as well as gas prospects and are estimated to contain an additional 1.9 TCF of P50 prospective resource, taking the Company's total resource base to 4.3 TCF.

Cluff Natural Resources is focused on extracting much needed gas from the North Sea to supply the UK's energy mix which is currently heavily reliant on foreign supply. The Company is focussed on securing partners and funding to embark on a drilling campaign on the proven fairways of the Southern North Sea basin in 2019.

The Company has a strong institutional investor base and a portfolio which offers a unique opportunity of high quality, low risk and low-cost drilling prospects with potentially high impact results in an area where recent exploration has targeted both mature and new plays and has resulted in large discoveries.