

1 July 2019

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

### **Dewar Prospect (P2352) Commercial Feasibility Study and Farm Out Process**

Cluff Natural Resources Plc, the AIM quoted natural resources investing company with a high impact exploration and appraisal portfolio focused on the Southern and Central North Sea, is pleased to provide an update in relation to the commercial feasibility of the Dewar Prospect and farm-out process on licence P2352.

#### **Commercial Feasibility Study and Farm-out Process**

- An early stage feasibility study, carried out by io oil and gas consulting, has identified a viable development scenario based on a two-well subsea development, tied back to the BP operated Eastern Trough Area Project (or 'ETAP') Central Processing Facility located approximately 5km to the north west of the prospect. Other potential offtake options have also been identified as part of this study.
- On this basis, the Dewar project is estimated to have a post-tax NPV10 of £555 million and a post-tax project IRR of 123%, in a P50 prospective resource scenario.
- The Company will now look to reduce its 100% working interest in the Dewar Prospect and has commenced a formal farm-out process with the aim of attracting one or more partners to provide funding for future exploration of the block.
- The Company believes the prospect to be drill ready and expects a farm-out to be supported by a commitment to drill an exploration well on Dewar.

#### **Dewar Prospect Highlights**

- The Company was awarded a 100% working interest in licence P2352, located in a mature part of the Central North Sea, during the 30<sup>th</sup> Offshore Licencing Round in 2019.
- The Company's prospect evaluation has been based on access to recently re-processed 3D seismic data and drilling results which were unavailable to previous licence holders.

- The Dewar Prospect is estimated to contain up to 272 million barrels of light oil (P10 STOIP) with P50 Prospective Resources of 39.5 million barrels in the Forties Sandstone. The geological model is supported by a clear AVO (Amplitude-Versus-Offset) anomaly with a geological chance of success estimated at 41%.
- The prospect is located in 90m of water and could be drilled with a heavy duty jack-up rig. Exploration well costs are currently estimated at approximately £17m (gross), including a 15 day well test.

The Company's current assessment of the Dewar prospect is summarised below:

Prospect	Reservoir	STOIP P90-P10 range (mmbo)	Net Prospective Resources (mmbo)			GCoS %
			P90	P50	P10	
Dewar	Forties	37 to 272	10.5	39.5	80.5	41

**Commenting, Cluff’s Chief Executive Graham Swindells said:**

“The Dewar prospect represents a significant and valuable exploration target which is located in close proximity to existing production infrastructure. The successful farm-out of two of our Southern North Sea licences to Shell earlier this year has led to a growing recognition of our technical team within the industry and provides a great platform from which to launch this next farm-out process.

We continue to invest in progressing the licences awarded in the 30<sup>th</sup> Offshore Licencing Round and remain focussed on building a portfolio of exploration and appraisal assets of varying levels of maturity which will provide further drilling opportunities, in addition to the Selene and Pensacola Prospects recently farmed out with Shell.”

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

For further information please contact the following:

**Cluff Natural Resources Plc**

Tel: +44 (0) 20 7887 2630

Graham Swindells / Andrew Nunn

**Allenby Capital Limited** (Nominated Adviser & Broker)

Tel: +44 (0) 20 3328 5656

David Hart / Alex Brearley / Asha Chotai (Corporate Finance)

### **Camarco Ltd**

Billy Clegg/James Crothers / Owen Roberts (Financial PR)

Tel: +44 (0) 203 757 4983

### **Notes to Editors**

Cluff Natural Resources is a natural resources investing company listed on the AIM market on the London Stock Exchange (CLNR.L) with a high impact portfolio of operated and, following a farm-out to Shell U.K. Ltd in February 2019, non-operated exploration and appraisal assets located within the UKCS's mature hydrocarbon basins. The Company's diversified portfolio contains near term, infrastructure focussed oil and gas exploration drilling opportunities in both the Central and Southern North Sea together with larger, high impact opportunities in new play types along the northern margin of the Southern Gas Basin.

The portfolio has a significant P50 prospective resource base in excess of 2.4 TCF (gross, gas equivalent) across a number of prospects with chances of success ranging from 9 to 49%.

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. Following a successful farm-out of Licence P2252 and P2437 to Shell U.K. Ltd, the Company is looking forward to 3D seismic acquisition over the Pensacola prospect in the summer of 2019 and is seeking to repeat this farm-out success with its licences awarded in the 30<sup>th</sup> Offshore Licencing Round including licence P2352 which contains the Dewar oil prospect.

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.

### **Qualified Person**

Andrew Nunn, a Chartered Geologist and Chief Operating Officer of CLNR, is a "Qualified Person" in accordance with the Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange. Andrew has reviewed and approved the information contained within this announcement.

The STOIP volumes and Prospective Resources have been presented 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).

### **Glossary of Technical Terms**

AVO:	Amplitude Versus 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, fluid indicators (hydrocarbon indications).
GCoS	Geological Chance of Success.
IRR:	A metric used in capital budgeting to estimate the profitability of potential investments. The internal rate of return is a discount rate that makes the net present value (NPV) of all cash flows from a particular project equal to zero.
mmbo:	Million barrels of oil.
NPV10:	Is the present value of estimated future oil and gas revenues net of estimated direct expenses and discounted at an annual discount rate of 10%.
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.
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.

**STOIP**

Stock tank oil initially in place is the estimated amount of crude oil present in a hydrocarbon reservoir prior to production taking place.