

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

**CLNR awarded an additional Deep Underground Coal Gasification Licence in Scotland & granted extensions to its UK Cumbria licences to include conventional coal mining**

Cluff Natural Resources Plc, the AIM quoted UK natural resources investing company, is pleased to announce that the Coal Authority, sponsored by the UK Department of Energy & Climate Change (“DECC”), has awarded the Company a further Deep Underground Coal Gasification (‘UCG’) Licence, in the Firth of Forth, near East Wemyss, Scotland (‘the Frances Licence’). The award enhances the Company’s portfolio of UCG licences in the Firth of Forth area in Scotland as it continues towards the commercialisation of its first deep UCG licence at its near-by Kincardine Licence where the Company has recently announced plans to develop a production test project.

The Coal Authority has also granted CLNR an extension to its two UCG licences in Cumbria, England, to include conventional mining rights, which will allow the potential for these licences to be considered from a conventional coking coal mining perspective, in addition to UCG.

**Algy Cluff, Chairman and Chief Executive of Cluff Natural Resources, commented:** “We believe that UCG will help provide a cleaner energy, diversity of supply and energy security for the UK. The award of this additional UCG licence in the Firth of Forth, Scotland considerably bolsters our position in the region and clearly demonstrates our commitment to becoming a long-term supplier of syngas to industry at Grangemouth and the surrounding energy intensive industries including power generation.

“In addition, we are delighted to announce the extension to our UCG licences in Cumbria for conventional coking coal mining. We recently announced a large coal exploration target with suitability for conventional coal mining as well as UCG, which adds an exciting new dimension and optionality to this licence area. With a large portfolio of UK energy assets now including nine UCG licences totalling 690km<sup>2</sup> and five promote licences for conventional gas exploration in the Southern North Sea, all of which are 100% owned, we look forward to updating the market on our developments across our portfolio of gas assets in due course.”

**Award of Frances Licence**

The Coal Authority, has awarded CLNR a further Deep UCG Licence, Option for Lease and a non-exclusive Exploration Licence for the Frances Licence which is an offshore Deep UCG prospect in the Firth of Forth, near East Wemyss, covering an area of 77 km<sup>2</sup>. The Company already has two existing licences in the Firth of Forth at Kincardine and Largo Bay and this third licence extends the Company’s portfolio of licences in this area to an area covering a total of 192km<sup>2</sup>.

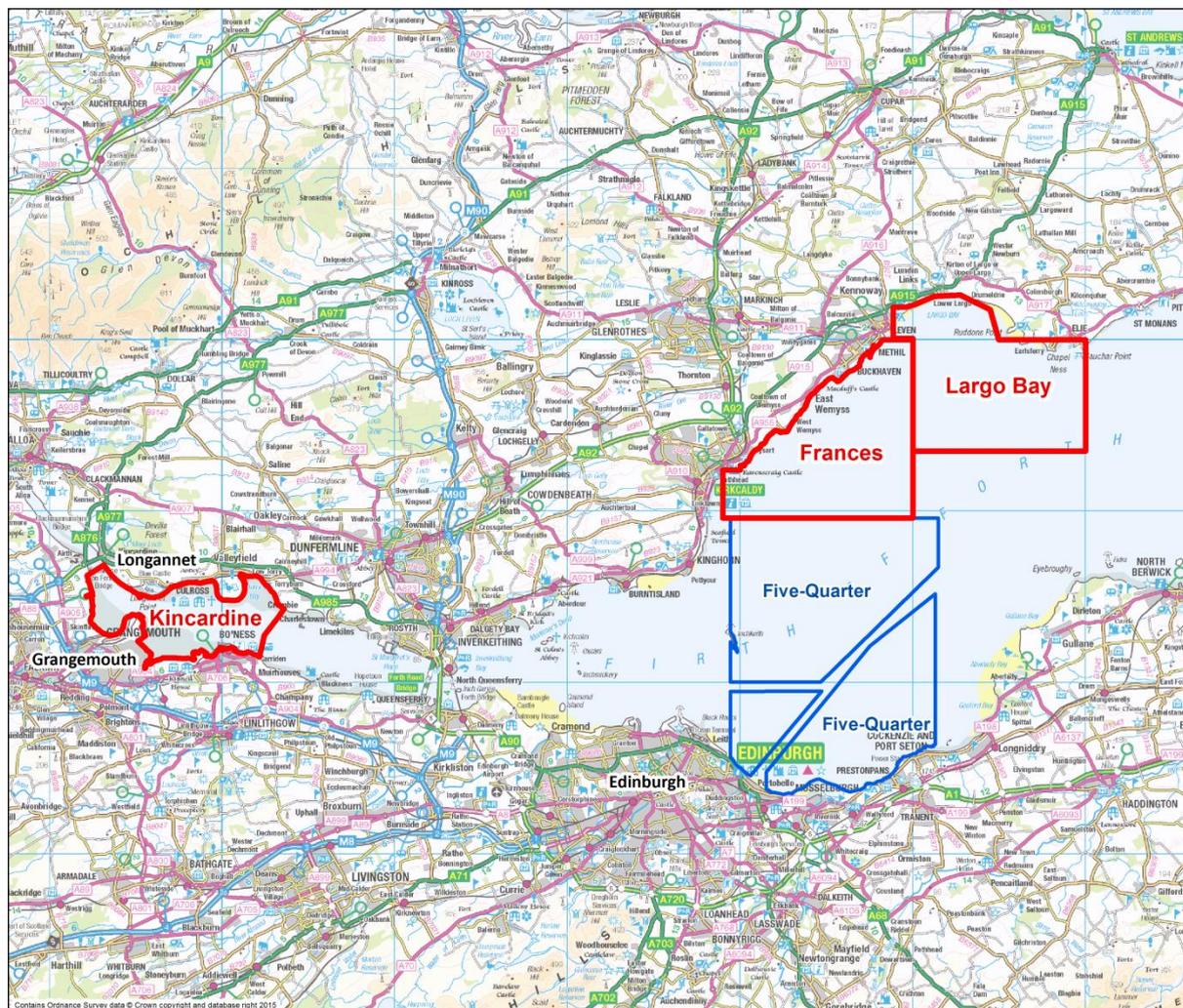
The award of the Frances licence enhances the Company's portfolio of licences in the Firth of Forth area where it has recently announced plans to develop a production test on its Kincardine Licence. The company also believes that the potential scale of UCG in Firth of Forth could be sufficient to offer a solution to secure the future of power generation at Longannet (which is due to close in the near future) through the construction of a gas fired power station which could be co-fired with UCG produced syngas.

This licence award further highlights the Company's commitment to establishing a long term presence in this region of central Scotland which is unique for its energy intensive industries and abundant but 'stranded' energy resource.

CNR now has a total of nine Deep UCG licences in the UK covering 690km<sup>2</sup>.

The map below shows the newly awarded licence as well as its proximity to the Company's existing UCG licences in the Firth of Forth:

### Extension of existing Cumbria Licences



At the same time, the Company has also been granted an extension of its two UCG licences in Cumbria to include conventional coal mining rights which will allow the potential of these licences to be considered from a conventional coking coal mining perspective, as well as for UCG.

In February 2015 the Company announced a coal Exploration Target in accordance with the JORC Code for the two Cumbria licences and that the coal was potentially of coking quality and suitable for conventional mining. Given the premium which coking coal commands over thermal coal, CLNR subsequently sought to apply to the Coal Authority to have its existing licences extended to include conventional coal mining. Development of these licences will require further exploration work, however the extension to these licences provides the Company with an additional option for progressing the development of these assets and enhancing value for shareholders.

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**NOTES FOR EDITORS**

**CLNR**

**Underground Coal Gasification ("UCG") Assets**

- CLNR currently holds nine UK licences for deep UCG, covering a total area of 690km<sup>2</sup>.
- UCG is a proven industrial process which allows coal to be converted into gas in-situ.
- UCG provides the opportunity to unlock an indigenous energy resource which is currently stranded due to its location and due to the entrenched decline of UK's mining industry.
- The establishment of a new UCG industry in the UK will create new employment opportunities and tax revenues, with skills requirements similar to other industries currently in decline in the UK including coal mining, oil & gas and the petrochemical industries.
- In addition, UCG will increase UK security of energy supply by utilising indigenous resources and providing a diversification of supply.
- CLNR's initial focus is to progress its Kincardine project (the "Project") and will be seeking planning consent for this project.
- The Project will comply with all relevant planning, permitting and environmental protection legislation. CLNR intends to work closely with the consent authorities and regulators in preparing its planning application for the Project.

### **Southern North Sea Gas Assets**

In December 2014, DECC awarded CLNR five promote licences for conventional gas exploration covering a total of eleven blocks, in an emerging gas province of the Southern North Sea.

The blocks are located in an under-explored, emerging gas province of the Southern North Sea, with diverse, high-potential play fairways and trap types in the Carboniferous. Significant interest in the area has recently been rejuvenated by breakthroughs in broadband 3-D seismic surveying technology, which acquires high resolution images below the Permian overburden.

Notable developments in the wider area include the completion of a multi-client 3-D survey (covering CLNR block 42/1 and part of CLNR blocks 41/5 and 41/10), the Pegasus West Gas Discovery (operated by Centrica, which flowed approximately 90MMscf/day on test from Namurian reservoirs), first gas production from the Breagh Field (operated by RWE Dea, estimated to contain nearly 600bcf of recoverable gas reserves) in October 2013 and on-going development of the Cygnus Gas Field (operated by GDF Suez) where first gas production is due in 2015.

All of CLNR's blocks are located in relatively shallow water where new conventional gas discoveries can be developed quickly and regional infrastructure is evolving rapidly.

### **Halliburton Memorandum of Understanding**

In February 2015, the Company entered into a memorandum of understanding ("MOU") with Halliburton Manufacturing and Services Limited ("Halliburton"), one of the world's largest providers of products and services to the energy industry, with a view to collaborating on the development of CLNR's UCG and Southern North Sea gas assets in the UK. This development marks a significant step for CLNR as it continues towards the commercialisation of its portfolio of deep UCG licences in the UK to unlock the vast energy potential of the country's un-mined

offshore coal resources and in the development of its Southern North Sea gas licences. The MOU reflects CLNR's and Halliburton's desire to establish areas of possible joint collaboration in the development of the CLNR's UCG and Southern North Sea gas assets (the "Joint Collaboration"). Such areas of Joint Collaboration will include the acceleration of the development of knowledge and capabilities of CLNR in the development of its UCG and Southern North Sea gas assets, technical consultation and the provision of technical and consultancy services and projects by Halliburton. Specifically, this will include: a) developing and leveraging new and emerging methodologies, technologies and new business models in relation to the development of CLNR's UCG and Southern North Sea gas assets; b) collaboration in the development of CLNR's UCG and Southern North Sea gas assets; c) further improvement and enhancement of any current technologies; and d) enhancing business relationship between the parties.

Further information about CLNR, our investors and UCG technology can be found on our website [www.cluffnaturalresources.com](http://www.cluffnaturalresources.com)