Cluff Natural Resources Plc / Index: AIM / Epic: CLNR / Sector: Natural Resources
24 April 2017

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

Cluff Natural Resources Plc, is pleased to announce its audited preliminary results for the year ended 31 December 2016 ('FY 2016').

Highlights

- Successfully repositioned portfolio to focus exclusively on the Southern North Sea gas basin, a proven region which has seen a significant pick-up in operational and corporate activity
- Two core licences include eight distinct prospects in five proven reservoir bearing formations with gas initially in place (GIIP) estimates of between 1.4 and 9.5 TCF (P10-P90 Range)
- Tripling of the P50 prospective resources contained within the Company's two licences to approximately 2.4 trillion cubic feet of gas following an independent technical audit and CPR and further technical work
- Post period end Scoping Study on Cadence-Scremerston and Basset Bunter prospects on Licence P2248 indicated robust economics and highly positive NPVs in various development scenarios
- Implied extrapolated NPV (unrisked) of £697m for the six identified prospects on P2248
- Data room opened post period end in January 2017 to secure partner(s) to participate in drilling exploration wells on the Company's licences - significant level of interest seen
- Extension and revision of MOU with Halliburton for a further two years to February 2018 to focus on the development of the Company's conventional assets in the Southern North Sea
- Board strengthened following the appointment of Mark Lappin, recently E&P Subsurface Director (UK and Netherlands) at Centrica
- £2.5 million raised by way of the placing of new ordinary shares in April and November 2016
- Cash position of £1.71 million as at 31 December 2016 (2015: £1.11 million)
- Cash used in operations for the period reduced to £1,334,065 (2015: £1,394,277)
- Loss for the period reduced to £1,730,606 (2015: £1,872,099) – includes non-cash impairment charge for relinquished licences

Chairman and Chief Executive's Statement

While the market for oil and gas companies remains challenging I believe there has been a significant improvement in sentiment, both within and towards the industry. The last few months have seen increased M&A activity, an increasing number of farm-ins, the re-structuring and re-capitalisation of major mid-tier companies and certain oil and gas majors committing to long term production from the UKCS, including BP's publicly stated ambition to double their production from UK waters.

Of more significance to your Company is the recent re-affirmation of the prospectivity and long term future of the Southern North Sea gas basin and its strategic importance to the UK. Of special note is the recent acquisition of the Breagh asset, which is adjacent to our licences, by Oranje-Nassau Energie, the spudding of a deep Carboniferous exploration well on the Ravenspurn gas field by BP and Centrica's renewed interest in exploration evidenced by the award of a tranche of blocks immediately to the North of our existing licences in the recently announced 29th Offshore Licencing Round.

This increased positivity towards the Southern Gas Basin has also manifested itself in the significant level of interest and traffic through our dataroom which was formally opened in January to facilitate the farm-out of our existing portfolio of high quality exploration assets. Of relevance to this process I am pleased to reaffirm the announcement in October 2016 of an independent technical audit and CPR and further technical work announced in December 2016, which has resulted in a tripling of the P50 prospective resources contained within this portfolio to approximately 2.4 trillion cubic feet of gas.

We also recently announced the findings of a Scoping Study on just two of the six identified prospects on licence P2248 which demonstrated robust economics for these prospects and extrapolated an overall implied unrisked NPV of £697 million for all six of the prospects on this licence. This study has confirmed our long-held conviction that exploring for gas in the Southern North Sea can deliver significant value for shareholders and the UK as a whole. Should exploration wells prove commercial quantities of gas in line with expectations, then these economics demonstrate that cost effective development options are readily available, a key consideration for any operator or investor looking at the Company's exploration assets.

Being a UK company with exclusively UK North Sea interests, your management is accountable to shareholders for adopting that position. We have done so for a number of reasons. Firstly, notwithstanding the apparent view of many of the major oil companies that the North Sea no longer offers the prospect of major discoveries (about which they may well be in error), it is widely agreed that there remain many licences which contain high quality exploration targets. HMG has the power to render those targets even more attractive by fiscal incentive. Secondly, the North Sea is well run. Thirdly, it is secure. And, fourthly, it contains many existing discoveries (which the UK's Oil & Gas Authority (OGA) estimates to be in excess of three hundred) which remain undeveloped. The OGA is due to announce the 30th round of licence awards and we are advised that this round will include such "small pools" of oil and gas which will reduce much of the exploration risks whilst offering, in some cases, immediate resources. We have been giving much thought to this eventuality and are determining how to respond with the intention of applying when the round is announced. It is my view that this could herald a "North Sea Phase Two" with the OGA estimating that as much as 3.4 billion barrels of oil equivalent is distributed amongst these pools.

In line with our stated UK focused strategy, the Company looked to strengthen the Board and I am particularly pleased to refer to the appointment of Mark Lappin as a Non-Executive Director. Mark's most recent role was that of E&P Subsurface Director (UK and Netherlands) at Centrica and brings a wealth of relevant technical and commercial North Sea experience to the Company as well as an inventive mind.

We have also raised £2.5 million of cash by way of equity during the period under review and wish to thank our shareholders for their support.

Our destiny is directly linked to the North Sea and the absence of any major commitments and debt gives us a theoretical agility which most other companies lack. It is our duty as management to convert that theory into action.

J G Cluff
Chairman and Chief Executive

24 April 2017

Operational Review

The year has seen a significant maturation of the Company's resource base and reorganisation of the Company's portfolio as we actively reduced our acreage position to focus on our two core assets. Significantly, despite this rationalisation of the portfolio, the Company's overall net prospective resource position has increased threefold during the period under review as new prospects were identified and matured through ongoing technical workflows. This work culminated in the publication of a Competent Person's Report on P2248 and an updated resource estimate on P2252 with the portfolio now comprising eight distinct prospects in five different proven reservoir bearing formations with gas initially in place (GIIP) estimates of between 1.4 and 9.5 TCF (P10-P90 Range).

The Company has been actively promoting and marketing its assets over recent months with the intention of finding a partner, or partners, to participate in the drilling of exploration wells on these core licences. A dataroom was formally opened in January and, despite what are still challenging conditions in the exploration sector, the Company has seen a significant level of interest in its assets from established North Sea operators and potential new entrants to the market.

This interest has been positively influenced by a number of macro factors including the stabilisation of the oil price in the $50-60 range, renewed commitment by majors such as BP to the North Sea and increasing M&A activity within the basin, including a number of major private equity backed transactions. 2017 is likely to be a key year for the Southern North Sea Gas Basin, with significant activity expected in the vicinity of the Company's licences. This will include the results of the BP well being drilled in the Southern North Sea to a deep Carboniferous prospect near the Ravenspurn field, which could open up a new carboniferous play in the region, the drilling of a further exploration well immediately adjacent to the Cadence prospect by Centrica and the potential submission of field development plans for Centrica's Pegasus discovery and Premier's Tolmount discovery.

Portfolio Management and Rationalisation

As announced previously, the Southern North Sea portfolio has been rationalised to focus on our two core assets and offset the financial burden associated with those areas sterilised by potential offshore windfarm developments or which had insufficient data to fully support a farm-out process. This resulted in the surrender of licences P2259 and P2261 and a partial relinquishment of licence P2252 which roughly halved the acreage on this licence.

Licences P2253 and P2258, in which the Company held a 50% non-operated interest following a cross assignment, were also surrendered following a decision by the OGA not to grant an extension on these blocks. This has resulted in a three quarter reduction in the Company's net acreage and the equivalent reduction in licence fees which would otherwise have been payable.

The areas covered by licences P2253 and P2258 will be included in the 30th licensing round to be held later this year and the Company is reviewing the options for relicensing these areas under the more favourable 'Innovate' licence terms now being offered by the OGA.

The 'Promote' terms on the Company's core 100% owned assets on P2252 and P2248 were extended for a period of 12 months to 30 November 2017 by the OGA in recognition of the challenging farm-out market in recent years and the length of time required to complete deals in the current oil price environment.

The Company is currently running an active farm-out process which has attracted interest from a number of established North Sea operators. The Company's aim is to complete a farm out in advance of the expiry of these licences which will involve a drilling commitment such that the OGA continues the licences into their fourth year. In the event that such a farm-out is not concluded before the expiry dates, the Company would be reliant on the OGA to grant a further extension to allow the Company to continue ongoing farm-out discussions.

Licence and Resource Summary

Following the rationalisation of the portfolio and updated resource statements, the Company's current licence portfolio and prospect inventory, as of April 2017, is summarised below:

Licence	**Prospect**	**Reservoir Formation**	**GIIP Range (BCF)**	**Prospective Resources (BCF)**				**CoS %**
			P90 – P10	**P90**	**P50**	**Mean***	**P10**	
P2248 Q43 240 km^2	Camden	Yoredale	120 - 782	58	**160**	**204**	405	15
	Cadence	Scremerston	101 - 658	59	**165**	**206**	410	18
		Fell Sandstone	187 - 3,574	111	**604**	**923**	2,175	9
	Bassett	Bunter Sandstone	49 - 374	36	**128**	**153**	303	29
	Bathurst		169 - 704	119	**275**	**317**	571	18

	Beckett		134 - 1,095	97	**403**	**460**	892	18
P2252 Q41 358 km²	Lytham	Fractured Hauptdolomite	117 - 416	52	**123**	**137**	244	49
		Carboniferous	22-249	12	**44**	**68**	149	30
	Fairhaven	Fractured Hauptdolomite	40 - 170	18	**45**	**53**	98	30
	Pensacola	Fringing Reef	216 - 1,077	113	**270**	**338**	650	20
		Reef Fill	254 - 651	67	**154**	**186**	347	16
TOTALS**			1,409 – 9,750	742	**2,371**	**3,045**	6,244	

*Mean resources have been added for completeness but is not recognised under PRMS guidelines
**Resources have been aggregated for simplicity but are not PRMS compliant

P2248 – Field Development Plans and Economics

On 20 April 2017, the Company announced the results of an independent Scoping Study on field development plans and economic analysis on the Cadence Scremerston and the Bassett Bunter prospects representing just two of the six identified prospects on Licence P2248.

The economics of each prospect, based on a stand-alone development, were tested against numerous potential exploration outcomes and development scenarios and using a gas price profile based on UK NBP gas price futures forecasts (as of 7 March 2017) from 2017 to the end of 2021, with gas prices from 2022 onwards increasing at 2% per annum. The economic evaluation indicated highly positive NPV values for both prospects and even in the P90 (i.e. low side recoverable gas volumes) NPV positive outcomes are possible. The outputs of the economic modelling for a selected representative development scenario for each prospect are presented in the table below:

Prospect	Formation	Unrisked P50 Prospective Resources (BCF)[1]			Chance of Success	Unrisked NPV_{10} (GBP£Millions)			EMV (GBP£Millions)
		Low (P90)	Mid (P50)	High (P10)	%	Low (P90)	Mid (P50)	High (P10)	Post-Drill Success EMV
Cadence	Scremerston	59	165	410	18	12.7	47.6	285.8	86.6
Bassett	Bunter	36	128	303	29	3.0	41.8	183.1	69.0

[1] These figures are sourced from the Competent Person's Report on P2248 published in October 2016.

The Scoping Study indicated that other prospects on Licence P2248, which would be significantly de-risked by exploration success, provide significant further possible upside to the economic cases presented below, but were not the focus of this study. Additionally, it is expected that significant

CAPEX and OPEX synergies could be realised if two or more prospects are developed as a cluster as opposed to a stand-alone development.

Cadence-Scremerston Highlights

- Modelled stand-alone development options included P90, P50 and P10 resource volumes, low and high CO_2 cases, different export routings and varying production well performance outcomes using the nearby Breagh field as the key analogue

- Mid-case NPV_{10} of £47.6 million for selected development case (P90 to P10 range of £12.7 million to £285.8 million)

- EMV of £86.6 million assuming a discovery results from the proposed exploration well

- Cash flow positive after 18 months with a payback period of three years for the selected P50 development case

- Assumes no contribution from the Cadence-Fell or Camden prospects which contain significant upside potential (P50 prospective resources of 764 BCF in aggregate) assuming exploration success

Bassett Prospect

- Modelled development options included P90, P50 and P10 resource volumes, low and high CO_2 cases, different export routings and varying production well performance outcomes using the nearby Esmond field as a primary analogue

- Mid-case NPV_{10} of £41.8 million for selected development case (P90 to P10 range of £3.0 million to £183.1 million)

- EMV of £69.0 million assuming a discovery results from the proposed exploration well

- Cash flow positive after 18 months with a payback period of less than three years for the selected P50 development case

- Assumes no contribution from the Bathurst and Beckett prospects which contain significant upside potential (P50 prospective resources of 678 BCF in aggregate) assuming exploration success

Additionally, the Scoping Study indicated an implied extrapolated un-risked NPV for the six identified prospects on Licence P2248 of £697 million.

A copy of the full Scoping Study can be found on the Company’s website.

Options over Central North Sea and Outer Moray Firth oil licences

On 10 May 2016, the Company announced that it had agreed to acquire, subject to approvals, a 5% equity stake from Verus Petroleum UK Limited ('Verus') in licences P1944 and P2156 located in the Moray Firth which contain the Fynn & Penny prospects and a contemporaneous exclusive option for nine months to acquire a 25% stake in licence P2082.

While the assets remain technically attractive, the ongoing uncertainty around the incumbent partners, in particular their willingness and/or financial ability to drill the wells required to test the prospects, has resulted in the Oil and Gas Authority not extending the licence terms on P2082 and the option period on P1944 and P2156 expired without an explicit commitment to drilling the well required to secure this licence in the next term.

While neither option was exercised, it is understood that both areas of interest are likely to be available for re-licencing in the 30^{th} Round, which gives the Company the option to re-acquire an interest in these attractive assets without exposure to back costs and in conjunction with a more aligned group of partners. No decision has been made on participation at this stage but the Company will review the situation once the 30^{th} Licencing Round is announced, most likely in Q2 of 2017.

Underground Coal Gasification

In the absence of a supportive policy on UCG emerging from Westminster and the indefinite extension of the UCG Moratorium in Scotland, the Company has today notified The Coal Authority, as the responsible authority for issuing UCG licences, that it is relinquishing its nine UCG licences.

Given the uncertainty around the future of these assets which has existed for some time, these licences had already been fully written down in the Company's 2015 accounts.

Halliburton Memorandum of Understanding

In February 2016, the Company agreed a two year extension of the existing Memorandum of Understanding (MoU) with Halliburton, a leading global provider of services to the energy sector. The MoU was revised to focus on the development of the Company's conventional assets in the Southern North Sea and the collaboration with Halliburton continues to be of great value to the Company through access to experienced technical specialists and cutting edge technology and processes which would normally be out of the reach of companies of our size.

Future developments

While the Company's core focus, quite rightly, has been on the farm-out of its existing assets, there has also been significant commitment to the longer term future of the Company. This will include investment in the 30^{th} Licensing Round which is expected to be announced in Q2 of 2017.

The 30th Offshore Licensing Round is focused on mature producing areas, including the Company's core area of the Southern North Sea Gas basin, and will include both exploration opportunities and a large number of unsanctioned discoveries. The Company anticipates making an application for a number of blocks in the 30th Round providing a pipeline of future opportunities for adding shareholder value.

In addition to the proposed organic growth via advertised licensing rounds, the Company continues to review other potential opportunities to grow the Company's portfolio both within the UKCS and further afield.

A J Nunn
Chief Operating Officer
24 April 2017

Financial Review

Since the start of 2016, all major expenditure has been focused on the development of the Company's portfolio of conventional North Sea assets and in the appraisal of a number of other natural resources opportunities in accordance with the Company's investing policy, in addition to on-going administrative expenditure.

Loss for the period

The Company incurred a loss for the year to 31 December 2016 of £1,730,606 (2015: £1,872,099). The loss for 2016 included an impairment charge in relation to the carrying value of the North Sea gas licences (P2259, 2261, 2253 and 2258) which it relinquished in the year. This charge amounted to £318,407 (2015: £336,790).

Cash flow

In the year to 31 December 2016, net cash used in operating activities was slightly lower than the previous year at £1,334,065 (2015: £1,394,277) with an additional £447,735 used in investing activities (2015: £503,308). This was offset by cash (net of expenses) received of £2,375,658 from the placing of new ordinary shares in April and November 2016.

Consequently, in the year to 31 December 2016, the Company experienced a net cash inflow of £593,858 (2015: £93,585 outflow).

Equity fundraising

On 6 April 2016, the Company announced that it had raised £727,000, before expenses, through the aggregate placing and subscription of 58,171,200 new ordinary shares each at 1.25 pence per share with new and existing institutional and private investors. Admission of the shares to trading on AIM occurred in April 2016. The purpose of this placing was to fund the Company's activities to the end of 2016.

On 3 November 2016, the Company announced that it had raised a further £1.8 million, before expenses, through the aggregate placing and subscription of 72,000,000 new ordinary shares each at 2.5 pence per share with new and existing institutional and private investors. Admission of the shares to trading on AIM occurred in November 2016.

Following these placings, there were 329,393,532 ordinary shares in issue (2015: 199,222,332).

Closing cash

As at 31 December 2016, the Company held cash balances of £1.71 million (2015: £1.11 million).

Shareholders' equity

As at 31 December 2016, there were 329,393,532 (2015: 199,222,332) ordinary shares in issue.

Additionally, a total of up to 50,096,901 (2015: 28,540,000) new ordinary shares may be issued pursuant to the exercise of share options or warrants.

Going concern

The inherent nature of the Company means that it is dependent on its existing cash resources and its ability to raise additional funding in order to progress its exploration programme on an ongoing basis. Based on the cash balance at year end and the Company's commitments, the Company has adequate financial resources to cover its budgeted exploration and development programme until the fourth quarter of 2017. Further funding will likely be required to allow the Company to fully implement its strategy beyond this period and it therefore anticipates that further funds will be raised, most likely by way of equity, as it has successfully done in the past.

Key performance indicators

At this stage in its development, the Company is focusing on the development of its existing North Sea gas assets, applying for additional licences, as well as the evaluation of various oil and gas opportunities.

The key metric for the Company at this stage in its development, is its estimated level of prospective resources. The Company is therefore delighted to have tripled its P50 prospective gas resources in 2016 from 845BCF to 2.4TCF.

As and when the Company moves into production, financial, operational, health and safety and environmental KPIs will become relevant and will be measured and reported as appropriate.

The Directors do however closely monitor certain financial information, in particular overheads and cash balances as set out in the Financial Review.

Graham Swindells
Finance Director

24 April 2017

Investing policy

In addition to the development of the North Sea gas licences CLNR has acquired to date, the Company proposes to continue to evaluate other potential oil and gas projects in line with its investing policy, as it aims to build a portfolio of resource assets and create value for shareholders. As disclosed in the Company's AIM Admission Document in May 2012, the Company's substantially implemented Investing Policy is as follows:

The proposed investments to be made by the Company may be either quoted or unquoted; made by direct acquisition or through farm-ins; either in companies, partnerships or joint ventures; or direct interests in oil & gas and mining projects. It is not intended to invest or trade in physical commodities except where such physical commodities form part of a producing asset. The Company's equity interest in a proposed investment may range from a minority position to 100 per cent. ownership.

The Board initially intends to focus on pursuing projects in the oil & gas and mining sectors, where the Directors believe that a number of opportunities exist to acquire interests in attractive projects. Particular consideration will be given to identifying investments which are, in the opinion of the Directors, underperforming, undeveloped and/or undervalued, and where the Directors believe that their expertise and experience can be deployed to facilitate growth and unlock inherent value.

The Company will conduct initial due diligence appraisals of potential projects and, where it is believed further investigation is warranted, will appoint appropriately qualified persons to assist with this process. The Directors are currently assessing various opportunities which may prove suitable although, at this stage, only preliminary due diligence has been undertaken.

It is likely that the Company's financial resources will be invested in either a small number of projects or one large investment which may be deemed to be a reverse takeover under the AIM Rules. In every case, the Directors intend to mitigate risk by undertaking the appropriate due diligence and transaction analysis. Any transaction constituting a reverse takeover under the AIM Rules will also require Shareholder approval.

Investments in early stage and exploration assets are expected to be mainly in the form of equity, with debt being raised later to fund the development of such assets. Investments in later stage projects are more likely to include an element of debt to equity gearing. Where the Company builds a portfolio of related assets, it is possible that there may be cross holdings between such assets.

The Company intends to be an involved and active investor. Accordingly, where necessary, the Company may seek participation in the management or representation on the Board of an entity in which the Company invests with a view to improving the performance and use of its assets in such ways as should result in an upward re-rating of the value of those assets.

Given the timeframe the Directors believe is required to fully maximise the value of an exploration project or early stage development asset, it is expected that the investment will be held for the medium to long term, although disposal of assets in the short term cannot be ruled out in exceptional circumstances.

The Company intends to deliver Shareholder returns principally through capital growth rather than capital distribution via dividends, although it may become appropriate to distribute funds to Shareholders once the investment portfolio matures and production revenues are established.

The Directors believe that the Investing Policy can be substantially implemented within 18 months of Admission. If this is not achieved, the Company will seek Shareholder consent for its Investing Policy or any changes thereto at the next annual general meeting of the Company and on an annual basis thereafter, until such time that its Investing Policy has been implemented. If it appears unlikely that the Investing Policy will be achieved, the Directors may consider returning the remaining funds to Shareholders.

Given the nature of the Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of its net asset value.

The Directors consider that as investments are made, and new investment opportunities arise, further funding of the Company will be required.

Qualified Person

Andrew Nunn, a Chartered Geologist and COO of CLNR, is a "Qualified Person" in accordance with the Guidance Note for Mining, Oil and Gas Companies, March 2006, of the London Stock Exchange. Andrew has reviewed and approved the information contained within this news release.

Glossary of Technical Terms

PMRS:	Petroleum Resources Management System (2007)
BCF:	Billion Cubic Feet
GIIP:	Gas Initially In Place
SCF:	Standard Cubic Feet
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.
Chance of Success:	for prospective resources, means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This, then, is the chance or probability of the prospective resource maturing into a contingent resource. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment and political risks). The chance of commerciality is the product of these two risk components. These estimates have been risked for chance of discovery but not for chance of development.
EMV:	Expected Monetary Value, being the value for a set of possible scenarios based on the average risked value of that set of scenarios and which is calculated by multiplying the value of each possible scenario with the chance of that scenario being realised
NPV:	Net present value
NPV_{10}:	NPV at a 10% discount rate
TCF:	Trillion Cubic Feet

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.
Pmean:	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.

The GIIP 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).

Income Statement
for the year ending 31 December 2016

Continuing Operations	Notes	2016 £	2015 £
Administrative expenses:			
Impairment of exploration and evaluation assets		(318,407)	(336,790)
Other administrative expenses		(1,416,127)	(1,546,752)
Total administrative expenses		(1,734,534)	(1,883,542)
Operating Loss		(1,734,534)	(1,883,542)
Finance income		3,928	11,443
Loss Before Taxation		(1,730,606)	(1,872,099)
Taxation		-	-
Loss for the year		(1,730,606)	(1,872,099)
Loss per share from continuing operations expressed in pence per share:			
Basic and diluted	2	(0.70)p	(1.00)p

Statement of Other Comprehensive Income
for the year ending 31 December 2016

	2016 £	2015 £
Loss for the year	(1,730,606)	(1,872,099)
Other Comprehensive Income	-	-
Total Comprehensive Income for the year attributable to the equity holders of the Company	(1,730,606)	(1,872,099)

Balance Sheet
as at 31 December 2016

	Notes	2016 £	2015 £
Assets			
Non-current Assets			
Intangible assets	3	554,498	428,128
Property, plant and equipment		3,885	5,890
Investment in subsidiary		1,101	501
Other receivables		-	53,688
		559,484	488,207

Current Assets		
Other receivables	196,724	87,702
Cash and cash equivalents	1,707,910	1,114,052
	1,904,634	1,201,754
Total Assets	2,464,118	1,689,961
Capital and reserves attributable to the equity holders of the Company		
Shareholders' Equity		
Share capital	1,646,967	996,111
Share premium	7,761,977	6,037,175
Share-based payment reserve	582,193	529,292
Accumulated retained deficit	(7,749,896)	(6,134,524)
Total Equity	2,241,241	1,428,054
Liabilities		
Current Liabilities		
Trade and other payables	222,877	261,907
Total Liabilities	222,877	261,907
Total Equity and Liabilities	2,464,118	1,689,961

Statement of Changes in Equity

for the year ending 31 December 2016

	Share capital £	Share premium £	Share-based payment reserve £	Accumulated retained deficit £	Total equity £
Balance at 1 January 2016	996,111	6,037,175	529,292	(6,134,524)	1,428,054
Comprehensive income for the year					
Loss for the year	-	-	-	(1,730,606)	(1,730,606)
Total comprehensive loss for the year	-	-	-	(1,730,606)	(1,730,606)
Contributions by and distributions to owners					
Issue of share capital	650,856	1,876,284	-	-	2,527,140
Expenses of issue	-	(151,482)	-	-	(151,482)
Share-based payment	-	-	168,135	-	168,135
Expired/lapsed options	-	-	(115,234)	115,234	-
Total contributions by and distributions to owners	650,856	1,724,802	52,901	115,234	2,543,793
Balance at 31 December 2016	1,646,967	7,761,977	582,193	(7,749,896)	2,241,241
Balance at 1 January 2015	775,000	4,454,287	589,050	(4,426,380)	1,391,957
Comprehensive income for the year					
Loss for the year	-	-	-	(1,872,099)	(1,872,099)
Total comprehensive loss for the year	-	-	-	(1,872,099)	(1,872,099)
Contributions by and distributions to owners					
Issue of share capital	221,111	1,658,338	-	-	1,879,449
Expenses of issue	-	(75,450)	-	-	(75,450)
Share-based payment	-	-	104,197	-	104,197
Expired/lapsed options	-	-	(163,955)	163,955	-

Total contributions by and distributions to owners	221,111	1,582,888	(59,758)	163,955	1,908,196
Balance at 31 December 2015	996,111	6,037,175	529,292	(6,134,524)	1,428,054

Cash Flow Statement

for the year ending 31 December 2016

	Notes	2016 £	2015 £
Cash flows used in operating activities			
Net cash used in operating activities	1	(1,334,065)	(1,394,277)
Cash flows used in investing activities			
Purchase of intangible fixed assets		(448,575)	(512,552)
Purchase of property, plant and equipment		(1,833)	(668)
Interest received		3,273	10,162
Investment in subsidiary		(600)	(250)
Net cash used in investing activities		(447,735)	(503,308)
Cash flows from financing activities			
Proceeds of share issue		2,527,140	1,879,449
Expenses of share issue		(151,482)	(75,450)
Net cash from financing activities		2,375,658	1,803,999
Increase / (decrease) in cash and cash equivalents		593,858	(93,586)
Cash and cash equivalents at beginning of year		1,114,052	1,207,638
Cash and cash equivalents at end of year		1,707,910	1,114,052

Notes to the Financial Information

for the year ending 31 December 2016

1. Basis of preparation

The financial information for the year ended 31 December 2016 and 31 December 2015 set out in this announcement does not constitute the Company's statutory financial statements for the year ended 31 December 2016 but is extracted from the audited financial statements for those years. The 31 December 2015 accounts have been delivered to the Registrar of Companies. The statutory financial statements for 2016 will be delivered to the Registrar of Companies in due course.

The auditors have reported on the financial statements for the year ended 31 December 2016; their report was unqualified but did contain an emphasis of matter paragraph in respect of going concern. It did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board and as endorsed for use in the European Union, and with those parts of the Companies Act 2006 applicable to companies preparing their accounting under IFRS. This announcement does not itself contain sufficient information to comply with IFRSs.

The principal accounting policies adopted in the preparation of the financial information in this announcement are set out in the Company's full financial statements for the year ended 31 December 2016.

Going concern

The Company is dependent on its existing cash resources and its ability to raise additional funding in order to develop its assets. Based on the cash balance at year end and the Company's commitments, the Directors are of the opinion that the Company has sufficient funds to cover its budgeted exploration and development programme until the fourth quarter of 2017. Further funding will be required to allow the Company to fully implement its strategy beyond this period. The Company anticipates that further funds will be raised, most likely by way of equity, as it has successfully done in the past. On this basis the Directors believe that the necessary funds to fund operations will be raised as required and accordingly they are confident that the company will continue as a going concern and have prepared the financial statements on that basis. Should the company be unable to raise further funds, it may be unable to realise its assets and discharge its liabilities in the normal course of business. These circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Copies of the Company's audited statutory accounts for the year ended 31 December 2016 will be available at the company's website at www.cluffnaturalresources.com, promptly after the release of this preliminary announcement and a printed version will be dispatched to shareholders shortly.

The Board approved this announcement on [21] April 2017.

2. Loss per Share

The Company has issued share options and warrants over Ordinary shares both of which could potentially dilute basic earnings per share in the future.

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Due to the losses incurred during the year, a diluted loss per share has not been calculated as this would serve to reduce the basic loss per share. There were 50,096,901 (2015: 28,540,000) share incentives outstanding at the end of the year that could potentially dilute basic earnings per share in the future.

Basic and diluted loss per share

	2016	**2015**
Loss per share from continuing operations	(0.70)p	(1.00)p

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2016 **£**	**2015** **£**
Loss used in the calculation of total basic and diluted loss per share	(1,730,606)	(1,872,099)
Number of shares	**2016** Number	**2015** Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	246,340,146	186,621,996

3. Intangible Assets

	Exploration & Evaluation Assets	**Software Licences**	**Total**

	£	£	£
Cost			
At 1 January 2015	250,779	7,376	258,155
Additions	512,472	80	512,552
At 31 December 2015	763,251	7,456	770,707
Additions	438,062	10,513	448,575
At 31 December 2016	1,201,313	17,969	1,219,282
Amortisation			
At 1 January 2015	-	3,936	3,936
Charge for year	-	1,853	1,853
Impairment	336,790	-	336,790
At 31 December 2015	336,790	5,789	342,579
Charge for year	-	3,798	3,798
Impairment	318,407	-	318,407
At 31 December 2016	655,197	9,587	664,784
Net Book Value			
At 31 December 2016	546,116	8,382	554,498
At 31 December 2015	426,461	1,667	428,128
At 1 January 2015	250,779	3,440	254,219

In the course of 2016 the Company's Southern North Sea licences P2259, P2261 and P2253 were relinquished. Accordingly, the carrying value of these assets was impaired by £318,407 down to £nil. The net book value of exploration and evaluation assets at 31 December 2016 relates solely to the Company's two remaining North Sea Licences, P2252 and P2248.

****ENDS****

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