

## **Cluff Natural Resources Plc Economic Impact Assessment of UCG**

Cluff Natural Resources Plc ('CLNR' or 'the Company'), the AIM quoted natural resources investing company, is pleased to announce the publication of an independent report highlighting the potential economic benefits of the development of Underground Coal Gasification ("UCG"), a proven industrial process which allows coal to be converted into gas in-situ, in the UK.

The report has been prepared by Biggar Economics, a leading UK independent economic consultancy. It sets out the potential economic impact and long term benefits for the UK economy of CLNR developing an initial UCG project at its Kincardine licence in the Firth of Forth, Scotland ('Kincardine'), followed by an additional seven UCG projects across the UK. The report states that this could result in:

- Generation of £12.8 billion Gross Value Add ("GVA")<sup>1</sup> for the UK economy over the long term through the direct and indirect impact of domestic projects and export sales
- Create an average of over 7,500 jobs, peaking at around 11,900 jobs
- The fuelling of a new generation of gas fired power stations with a total capacity of around 3,600 megawatts
- Safeguarding jobs in the chemicals sector, if used as feedstock for the chemicals industry
- Extensive supply chain and export opportunities for businesses across the UK

In relation to a sole UCG project at the Company's Kincardine licence, the report states that it could generate a total benefit of around £603 million GVA and support an average of more than 350 jobs over the long term.

<sup>1</sup>GVA measures the contribution to the economy of each individual producer, industry or sector in the UK.

**Algy Cluff, Chief Executive & Chairman commented:** *"The findings of this report highlight the huge potential for the development of a UCG industry in the UK. UCG has a vital role to play in the diversification of the UK's energy mix and its long term security and this report demonstrates how the development of UCG would create significant benefits for the UK economy."*

To view a copy of the report please see the following link.

<http://cluffnaturalresources.com/documents/EconomicImpactReport.pdf>

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For further information please visit [www.cluffnaturalresources.com](http://www.cluffnaturalresources.com) or contact the following:

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## **NOTES FOR EDITORS**

### **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 both the Zechstein and the Carboniferous. Significant interest in the area has recently been rejuvenated by breakthroughs in Broadband 3-D

seismic surveying which acquires high resolution images below the Permian overburden, drilling and stimulation technologies.

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 in place.

### **BiGGAR Economics Limited**

BiGGAR Economics Limited is a leading independent economic consultancy based just outside Edinburgh providing a range of services for central and local government, economic development agencies, other government agencies, universities, colleges, social economy organisations and private sector firms across Europe.