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

11 May 2016

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

Cluff Natural Resources Plc, is pleased to announce its audited preliminary results for the year ended 31 December 2015 ('FY 2015').

Highlights

- Significant progress made in advancing growing portfolio of conventional oil and gas assets in the UK North Sea in line with strategy to build a new UK based oil and gas company
    - Focus switched to develop five conventional licences in the Southern North Sea instead of the Company's Underground Coal Gasification ('UCG') assets following the introduction of a moratorium on UCG in Scotland in October 2015
- Competent Person's Report published estimating potential net resource base of approximately 140 mmboe (unrisked) on 100% owned existing licences in Southern North Sea
- Marketing on-going to secure one or more industry partners for the Company's 100% owned licences to fund forward work programmes, including the drilling of one or more wells
- Broadening of Memorandum of Understanding (MOU) with Halliburton, one of the world's largest providers of products and services to the energy industry, to include the development of the Company's conventional assets in the Southern North Sea
    - Provides access to experienced technical specialists and cutting edge technology
- Post period end signing of Sale and Purchase and Option Agreement with Verus Petroleum, which at the cost of £1, provides the right to acquire up to 25% of three Parkmead Group operated licences (two of which are effectively drill ready) over two areas in the Moray Firth and the Central North Sea, containing or adjacent to existing discoveries
- Extension of MOU with Halliburton for a further two years
- Successfully completed fundraise of £2.2 million in March 2015 and in April 2016 raised £727,000, before expenses
- Loss for the period of £1,872,099 (2014: £1,725,014). Loss for the period includes an impairment charge of £336,790 in relation to UCG assets
- Cash used in operations for the period of £1,394,277 (2014: £1,533,324)
- Cash position at 31 December 2015 of £1.11 million (31 December 2014: £1.21 million)

Chairman and Chief Executive's Statement

Since my last statement the natural resources sector has continued to be buffeted by economic and political anxiety. Although this febrile atmosphere shows little immediate sign of recovery it is our considered judgement that this will prove to be a time of opportunity for expansion. For this posture to be practical it helps to be, as we are, free of debt or onerous work commitments. We have carefully considered our position and believe that the North Sea not only continues to be of strategic importance to the UK but also compares favourably with most of the world, boasting a market, an infrastructure and a Government, on the whole, determined to sustain activity. Government however is not always entirely aligned with industry and it has been depressing to observe the lack of coherence which has existed in policy since Ed Miliband became the Energy Secretary, a condition aggravated by the two Coalition Energy Ministers and which is culminating in grave threats to our country's energy stability.

We considered that underground offshore coal gasification could make a significant future contribution to the energy equation by converting billion of tonnes of offshore coal into gas. However these aspirations have not been endorsed by Government which prefers to place its primary hopes on the delivery of onshore shale together with questionable (and heavily subsidised) renewables. Longannet, which was the last remaining coal fired power station in Scotland, has now closed and makes a mockery of the Scottish Nationalist Party's energy policy where they have even imposed, at this critical time, a moratorium on both shale gas and underground coal gasification. We accordingly concluded that continuing to pioneer for a future energy formula which would convert cleanly and safely our offshore coal into gas was not consonant with our shareholders' best interests.

We have therefore determined to advance our portfolio of conventional oil and gas assets in the UK North Sea where we are convinced there remain significant discoveries to be made. To that end we were pleased to publish the Competent Person's Report and resource estimate on our Southern North Sea gas assets, to extend our Memorandum of Understanding with Halliburton and to sign Sale and Purchase and Option agreements with Verus Petroleum, which confers on us at the cost of £1, the right to acquire up to 25% of three licences over two areas in the Moray Firth and the Central North Sea, which contain or are adjacent to existing discoveries and are operated by The Parkmead Group.

We shall continue to seek to add to our North Sea portfolio consistent with our belief in the geology, in the opportunities, in the positive and helpful attitude adopted by the Oil & Gas Authority, the UK's licencing authority and above all in our conviction that the North Sea is the correct place to be as the oil market moves towards equilibrium.

To allow us to implement our strategy and fund the Company through to the end of FY2016, we have recently completed a fundraising by way of a placing of shares. These funds whilst providing for us to add to our technical understanding of our existing licences will set the scene for a drilling programme in 2017 which will have the prospect of transforming the Company's worth.

Board changes

Nicholas Berry (73) and Brian FitzGerald (72) have indicated that they do not propose to seek re-election at the Company's forthcoming Annual General Meeting and will therefore step down from the Board immediately prior to the Annual General Meeting. Nicholas and Brian have been directors of the Company since its formation and I would like to thank them both sincerely for their input and commitment to the Company.

J G Cluff
Chairman and Chief Executive

11 May 2016

Operational Review

2015 has proven to be a challenging year for resources companies and particularly energy companies, due to the significant downwards pressure on global energy prices and a trend towards anti-hydrocarbon policies within devolved administrations in the UK. For the Company however it has been a pivotal year with a number of highlights, including a highly encouraging maiden Competent Person's Report on our 100% owned blocks in the Southern North Sea and, since the year end, the announcement of a transaction which we expect to be the first of a number of acquisitions of non-operated equity positions in high quality North Sea exploration and appraisal assets, as we look to build a new UK based oil and gas company.

Given the alignment of various negative influences including moratoriums on UCG operations in Scotland and now Wales and the cancellation of the £1 billion Carbon Capture and Storage (CCS) competition by the UK Government together with limited evidence of significant political support for UCG in general, the Company has managed a strategic shift away from UCG operations during the second half of the year and is now entirely focused on delivering value from our portfolio of conventional assets located in the UK's North Sea. Accordingly, all costs relating to UCG were impaired in the year.

UCG Activity

In 2015 the Company added an additional UCG licence at Frances in the Firth of Forth in Scotland to its portfolio. This took the Company's portfolio of UCG licences to nine as follows:

Licence Area	Region	Date Awarded	CLNR Working Interest (%)	Area (km^2)
Point of Ayr	England - Wales	January 2013	100	69.5
Loughor Estuary	Wales	January 2013	100	42.1
Kincardine	Scotland	June 2013	100	36.9
Workington	England	July 2013	100	82.4
Largo Bay	Scotland	July 2013	100	78.0
Maryport	England	August 2014	100	100.0
Durham North	England	August 2014	100	100.5
Durham South	England	August 2014	100	103.4
Frances	Scotland	April 2015	100	76.9
Total				**689.7**

However a number of factors have worked against the development of UCG in the UK over the last 12 months including the Scottish, and more recently the Welsh, Governments' decisions to impose moratoriums on UCG operations, the cancellation of the UK wide CCS competition and a lack of tacit support from the Westminster Government.

Despite this lack of support in Government policy at national level the Company has had positive and vocal support from politicians, local enterprise partners and industry based in the North East of England who recognise the benefits of UCG both in terms of direct employment but also as a source of cost competitive feedstock for the petrochemicals cluster based in Teesside.

The Company is confident that the existing evidence base and pressure to support the UK's energy intensive industries will eventually result in the emergence of policies which are supportive of the development of UCG projects in the UK. With this in mind the Company will maintain its current portfolio of UCG licences however expenditure on these assets will be restricted to settlement of annual licence fees until clear political support for UCG is recognised at the national level. The Company will review its position on maintaining these UCG licences on a regular basis. In the meantime, the Company has fully impaired its UCG assets in the year.

Conventional North Sea Oil and Gas Operations

The Company holds a portfolio of high quality licences located in the Southern North Sea as follows:

Licence Area	Blocks	Date Awarded	CLNR Working Interest (%)	Area (km^2)
P2248	43/11	Dec 2014	100	239.8
P2252	41/5, 41/10 & 42/1	Dec 2014	100	715.0
P2253	42/14b	Dec 2014	100	223.9
P2259	43/3b, 43/4b & 43/5	Dec 2014	100	523.1
P2261	43/7, 43/8 & 43/9	Dec 2014	100	716.5
Total				**2,418.3**

Additionally the Company has agreed, subject to regulatory approvals, to acquire from Verus Petroleum Limited a 5% non-operated equity position in two licences (P1944 and P2156) located in the Outer Moray Firth.

Competent Person's Report – Initial Resource Statement

Based on the initial work completed by the Company, Axis Well Technologies, (an independent oil and gas consultancy firm) were commissioned to undertake an independent review of the prospectivity of the Company's Southern North Sea assets which was published in a Competent Person's Report (CPR) in December 2015. The CPR confirmed the Company's views on the highly prospective nature of the licences and confirmed significant Prospective Resources associated with prospects and leads in multiple formations across the licences.

The Prospective Resources associated with the Company's 100% owned licences and published in the CPR is summarised below:

Licence Ref:	CLNR Equity	Project ID	PRMS Status	Prospective Resource (BCF)				Risk Factor %
				P90 / Low	P50 / Best	Mean**	P10 / High	
P2252	100%	Lytham Permian	Prospect	12	52	85	195	51
		Lytham Carboniferous	Prospect	12	44	67	149	30
		Fairhaven	Prospect	9	36	56	125	26
		St Annes Permian	Lead	4	14	23	52	20
		St Annes Carboniferous	Lead	4	16	26	58	12
P2261	100%	Clachnaharry*	Lead	9	43	86	207	12
		Williamson	Lead	10	20	23	40	27
		Carboniferous	Play	90	270	270	450	Medium-High
P2253	100%	Carboniferous	Play	85	170	170	255	Medium
P2248	100%	Carboniferous	Play	90	180	180	270	Medium

*Net resources on licence held by the Company

**The mean has been added for completeness but is not recognised under PRMS guidelines

A decision was taken not to include P2259 in the review due to ongoing uncertainty around plans for the construction of a major offshore windfarm across much of this licence area.

The GIIP volumes and Prospective Resources in the CPR referred to above have been prepared 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).

Identification of New Prospectivity

The Company continues to analyse and interpret the available data and since the publication of the CPR has defined a number of further leads within the Carboniferous play and continues to evaluate a regional fractured Zechstein carbonate play that is analogous to multi-TCF gas fields developed in the Dutch sector but largely ignored in the Southern North Sea to date. The Company's estimate of potential recoverable gas across these plays is as follows:

		Project ID	Status	Source		

Licence Ref:	CLNR Equity				Potential Scale (Recoverable Gas)	Risk Factor
P2252	**100%**	Fractured Carbonate	Play	CLNR	280 BCF	TBC
P2248	**100**	Carboniferous L1	Lead	CLNR	20 – 500 BCF	TBC
		Carboniferous L2	Lead	CLNR	20 – 500 BCF	TBC
		Bunter L3	Lead	CLNR	10 – 100 BCF	TBC
P2253	**100**	Macanta (Haupt)	Lead	CLNR	TBC	TBC
		Carboniferous L1	Lead	CLNR	TBC	TBC

The volumetric estimates presented are based on preliminary structural mapping of closure areas and use of data from regional field analogues. As these leads are matured it would be the Company's intention to update the existing CPR in the course of 2016 to include these newly identified opportunities.

First North Sea Acquisition

Since the year end the Company has agreed to acquire a 5% equity stake from Verus Petroleum UK Limited ("Verus") in licences P1944 & P2156 located in the Moray Firth. These licences contain a significant heavy oil discovery and a deeper lighter oil exploration target which is thought to be the source of the overlying heavy oil.

In addition to the 5% equity stake the Company has an exclusive 9 month option to increase its equity stake in licence P1944 & P2156 by a further 20% and a further exclusive 9 month option to acquire a 25% stake from Verus in licence P2082 which we believe contains one of the best undrilled exploration targets in a mature area of the Central North Sea.

The exercising of the options will be a transformational step for the Company which will see its potential net resource base grow from approximately 140 mmboe (unrisked) to approximately 240 mmboe (if the Options are exercised), based on operator estimates of contingent and prospective resources associated with the licences.

All three of the above licences, two of which are effectively drill ready, are operated by The Parkmead Group Plc.

P1944 (Block 14/20e) & P2156 (Block 15/11 & 16f) – Fynn and Penny Prospects, Moray Firth
Located in the Moray Firth, these licences contain proven oil at multiple levels including a very significant heavy oil discovery in the Tertiary T82, Beauly T50 and Mey Sandstones which extend outwith the licensed area. While not the primary exploration target on these licences, further data relating to the production potential of the heavy oil accumulations will be collected during future drilling operations in light of the development of similar heavy oil accumulations such as Kraken.

The deeper Jurassic Piper Sandstone, which is the primary target across the blocks, is a well understood reservoir and is the key producing formation for a large number of oilfields in the Moray Firth including the giant Piper and Tartan oilfields. Two distinct prospects, named Fynn and Penny, have been mapped at the Piper Sandstone level in adjacent structures. It is proposed that a well be drilled to further assess the Tertiary heavy oil and test the lower risk Fynn prospect in 2017.

Operator resource estimates for these two licence areas (if Option is exercised to take holding from 5% to 25%) are as follows:

Project	**Age**	**Status**	**Equity Position***	**Gross On Block STOIIP (mmbo)**	**Contingent Resources net to CLNR** (mmbo)**			**Chance of success**
			%	**Mid (Low-High)**	**P90**	**P50**	**P10**	
T82	Tertiary	Discovery	25	1093 (667 – 1571	11	23	42	n/a
T50	Tertiary	Discovery		425 (322 – 535)	6	11	19	
Mey Sst	Tertiary	Discovery		48 (43 – 52)	2	3	4	
Fynn - Piper	Jurassic	Prospect		73 (41 – 103)	4	8	10	0.32
Penny - Piper	Jurassic	Prospect		101 (50 – 186)	4	10	20	0.20

*Post exercising of option

** Derived from operator's Internal Estimates (assuming Option exercised to take holding from 5% to 25%).

Well design and engineering work is planned for 2016 with the aim of drilling the initial exploration well on the Fynn prospect during 2017.

P2082 - (Blocks 30/12c, 13c, 17e & 18c) - Skerrvore Prospect

The Skerryvore prospect is located in the Central North Sea adjacent to a number of producing fields including Clyde, Fulmar and Orion as well as the Talbot discovery. The Skerryvore prospect contains a series of stacked reservoirs which have distinct amplitude anomalies. Reprocessed seismic data, AVO analysis and a revised interpretation of the prospect based on the 30/13-8 well drilled by Talisman have generated a high quality prospect which the Company believes to be one of the most attractive undrilled prospects in the Central North Sea.

The operator's internal estimate of prospective resources for the licence area (if the Company exercises its Option to acquire a 25% interest) is as follows:

Project	**Status**	**Equity Position***	**Prospective Resources net to CLNR** (mmboe)**			**Chance of success**
		%	**P90**	**P50**	**P10**	

Paleocene (Strat Model)	Prospect	25	4	6	9	0.25
Ekofisk	Prospect		3	5	7	0.24
Tor	Prospect		14	28	50	0.31
North	Lead		5	10	18	0.24

* Post exercising of option

** Derived from operator's internal estimates (assuming Option to acquire 25% interest is exercised).

A site survey has been acquired across the prospect, which is drill ready pending completion of the well design.

Halliburton Memorandum of Understanding

In February 2016 the Company entered into 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 deliver great value to the Company through access to experienced technical specialists and cutting edge technology and process which would normally be out of the reach of other companies of our size.

Next Twelve Months

Over the next 12 months the Company will look to secure the long term future of the conventional oil and gas portfolio, with a focus on retention and development of key acreage within the existing portfolio, participation in the UK's 29th offshore licencing round and ongoing evaluation of potential acquisition opportunities with the aim of creating a diversified portfolio of UK oil and gas assets.

A J Nunn
Chief Operating Officer
11 May 2016

Financial Review

In the course of the year, the Company moved its primary focus from its Underground Coal Gasification ('UCG') assets (in particular the development of its Kincardine Project in Scotland) to developing its portfolio of five conventional oil and gas licences in the Southern North Sea. Following the UCG moratorium imposed in Scotland in October 2015 the Company ceased all expenditure in relation to its Kincardine Project and UCG as a whole (other than licence fees). Since then all major expenditure has been focused on the development of its portfolio of conventional North Sea assets and in the appraisal of a number of other natural resources opportunities in accordance with the Company's investment strategy, in addition to on-going administrative expenditure.

Loss for the period

The Company incurred a loss for the year to 31 December 2015 of £1,872,099 (2014: £1,725,014). The loss for 2015 included an impairment charge in relation to the carrying value of the Company's UCG assets of £336,790, due to the political and planning uncertainty around UCG, as well as a non-cash share-based expense of £104,197 (2014: £125,923).

Cash flow

In the year to 31 December 2015 net cash used in operating activities was £1,394,277 (2014: £1,533,324) with an additional £503,307 used in investing activities (2014: £190,309). This was offset by net cash received of £1,803,999 from the placing of new shares.

Consequently, in the year to 31 December 2015, the Company experienced a net cash outflow of £93,585 (2014: £1,723,633).

Equity fundraising

On 17 March 2015 the Company announced that it had conditionally raised approximately £2.2 million, before expenses, through the aggregate placing and subscription of 52,013,520 new ordinary shares of 0.5p each ("Placing Shares") at 4.25 pence per share (the "Placing") with new and existing institutional and private investors. The Placing comprised 44,222,332 Placing Shares which the Company issued on 15 April 2015. A further 7,791,188 Placing Shares were expected to be issued on 11 September 2015 but have not been issued to date as the Company is still owed £331,125 from the subscriber for these shares. The Company believes that it is now unlikely that the funds will be forthcoming and accordingly is considering its next course of action. Despite this shortfall in funds raised, early action to curtail major costs associated with the Company's UCG project at the Kincardine Project, coupled with an on-going discipline and focus on overall cost control, meant that the Company was in fact in a stronger cash position at the 2015 year-end than originally anticipated at the time of the Placing.

Closing cash

As at 31 December 2015, the Company held cash balances of £1.11 million (2014: £1.21 million).

Shareholders' equity

As at 31 December 2015 there were 199,222,332 (2014: 155,000,000) ordinary shares in issue.

Additionally, a total of up to 28,540,000 (2014: 64,040,000) new ordinary shares may be issued pursuant to the exercise of share options or warrants.

Post year end 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 of 0.5p each (“Placing Shares”) at 1.25 pence per share (the “Placing”) with new and existing institutional and private investors. The Placing was conducted in two stages, with 14,920,000 Placing Shares placed using the Directors' existing authority to allot shares for cash on a non-pre-emptive basis (the "First Placing Shares"), and 43,251,200 Placing Shares (the "Second Placing Shares") placed conditionally upon, amongst other things, shareholders passing the resolution to be proposed at a general meeting of the Company held on 25 April 2016. Admission of the First Placing Shares occurred on 20 April 2016 and the Second Placing Shares on 26 April 2016.

Following this placing there were 257,393,532 ordinary shares in issue.

Going concern

The Company is dependent on its existing cash resources and its ability to raise additional funding in order to progress its exploration programme. Based on the cash balance at year end, the post year end equity fundraising and the Company’s commitments, the Company has adequate financial resources to cover its budgeted exploration and development programme at least until the end of 2016. Further funding will inevitably 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 as well as the evaluation of various oil and gas opportunities. 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

11 May 2016

Investment policy

In addition to the development of the UCG and 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 Investment 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.

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
Contingent Resources:	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies
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.
Risk factor:	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.
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.

Income Statement

for the year ending 31 December 2015

	Notes	2015	2014
Continuing Operations		**£**	**£**
Impairment of exploration and evaluation assets		(336,790)	-
Other administrative expenses		(1,546,752)	(1,744,886)
Operating Loss		(1,883,542)	(1,744,886)
Finance income		11,443	19,872
Loss before taxation		(1,872,099)	(1,725,014)
Taxation		-	-
Loss for the year		(1,872,099)	(1,725,014)
Loss per share from continuing operations expressed in pence per share:			
Basic and diluted	2	(1.00)p	(1.11)p

Statement of Other Comprehensive Income

for the year ending 31 December 2015

	2015	2014
	£	**£**
Loss for the year	(1,872,099)	(1,725,014)
Other Comprehensive Income	-	-
Total Comprehensive Income for the year attributable to the equity holders of the Company	(1,872,099)	(1,725,014)

Statement of Financial Position

as at 31 December 2015

	Notes	2015	2014
		£	**£**
Assets			
Non-current Assets			

Intangible assets	3	428,128	254,219
Property, plant and equipment		5,890	10,642
Investment in subsidiary		501	251
Other receivables		53,688	53,688
		488,207	318,800
Current Assets			
Other receivables		87,702	172,719
Cash and cash equivalents		1,114,052	1,207,638
		1,201,754	1,380,357
Total Assets		1,689,961	1,699,157
Capital and reserves attributable to the equity holders of the Company			
Shareholders' Equity			
Share capital		996,111	775,000
Share premium		6,037,175	4,454,287
Share-based payment reserve		529,292	589,050
Retained deficit		(6,134,524)	(4,426,380)
Total Equity		1,428,054	1,391,957
Liabilities			
Current Liabilities			
Trade and other payables		261,907	307,200
Total Liabilities		261,907	307,200
Total Equity and Liabilities		1,689,961	1,699,157

Statement of Changes in Equity

for the year ending 31 December 2015

	Share capital £	Share premium £	Share-based payment reserve £	Retained deficit £	Total equity £
Balance at 1 January 2015	775,000	4,454,287	589,050	(4,426,380)	1,391,957
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	-
Loss and total comprehensive loss for the year	-	-	-	(1,872,099)	(1,872,099)
Balance at 31 December 2015	996,111	6,037,175	529,292	(6,134,525)	1,428,054
Balance at 1 January 2014	775,000	4,454,287	463,127	(2,701,366)	2,991,048
Share-based payment	-	-	125,923	-	125,923
Loss and total comprehensive loss for the year	-	-	-	(1,725,014)	(1,725,014)
Balance at 31 December 2014	775,000	4,454,287	589,050	(4,426,380)	1,391,957

Cash Flow Statement

for the year ending 31 December 2015

	Notes	2015 £	2014 £
Cash flows used in operating activities			
Net cash used in operating activities		(1,394,277)	(1,533,324)
Cash flows used in investing activities			
Purchase of intangible fixed assets		(512,552)	(208,081)
Purchase of property, plant and equipment		(668)	(573)
Proceeds on disposal of property, plant and equipment		-	61
Interest received		10,162	18,534
Investment in subsidiary		(250)	(250)
Net cash used in investing activities		(503,308)	(190,309)
Cash flows from financing activities			
Proceeds of share issue		1,879,449	-
Expenses of share issue		(75,450)	-
Net cash from financing activities		1,803,999	-
Decrease in cash and cash equivalents		(93,586)	(1,723,633)
Cash and cash equivalents at beginning of year		1,207,638	2,931,271
Cash and cash equivalents at end of year		1,114,052	1,207,638

Notes to the Financial Information

for the year ending 31 December 2015

1. Basis of preparation

The financial information for the year ended 31 December 2015 and 31 December 2014 set out in this announcement does not constitute the Company's statutory financial statements for the year ended 31 December 2015 but is extracted from the audited financial statements for those years. The 31 December 2014 accounts have been delivered to the Registrar of Companies. The statutory financial statements for 2015 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 2015; 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 2015.

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, the post year end equity fundraising 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 at least until the end of 2016. 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. 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 2015 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 11 May 2016.

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 28,540,000 (2014: 64,040,000) share incentives outstanding at the end of the year that could potentially dilute basic earnings per share in the future. There were no potential ordinary shares outstanding in the year (2014: Nil).

Basic and diluted loss per share

	2015	**2014**
Loss per share from continuing operations	(1.00)p	(1.11)p

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

	2015 **£**	**2014** **£**
Loss used in the calculation of total basic and diluted loss per share	(1,872,099)	(1,725,014)

Number of shares	**2015** Number	**2014** Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	186,621,996	155,000,000

3. Intangible Assets

	Exploration & Evaluation Assets **£**	**Software Licences** **£**	**Total** **£**
Cost			
At 1 January 2014	12,720	7,351	20,071
Additions	238,059	25	238,084
At 31 December 2014	250,779	7,376	258,155
Additions	512,472	80	512,552
At 31 December 2015	763,251	7,456	770,707
Amortisation			
At 1 January 2014	-	1,913	1,913
Charge for year	-	2,023	2,023
At 31 December 2014	-	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
Net Book Value			
At 31 December 2015	426,461	1,667	428,128
At 31 December 2014	250,779	3,440	254,219
At 1 January 2014	12,720	5,438	18,158

Due to uncertainty over the ability to successfully develop UCG projects in the UK, as described in the Financial Review, a decision was taken to fully impair the Company's UCG assets by £336,790. Accordingly, the net book value of exploration and evaluation assets at as 31 December 2015 relates solely to the Company's North Sea gas assets.

****ENDS****

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