

Cluff Natural Resources Plc / Index: AIM / Epic: CLNR / Sector: Natural Resources
16 January 2017

Cluff Natural Resources Plc ('CLNR' or 'the Company')
Pre-close Update

Cluff Natural Resources Plc, the AIM quoted natural resources investing company, is pleased to announce a pre-close update for the financial year to 31 December 2016.

During the course of 2016, the Company made major progress in advancing its Southern North Sea gas assets. Early in the year, the Company took the decision to concentrate its investment on its two most prospective assets (100% owned licences P2252 and P2248) and was granted a one year extension for these two licences to November 2017, while relinquishing its other less prospective licences.

Investment in geological and technical work throughout the year culminated in the Company publishing a Competent Persons Report on Licence P2248 in October 2016 which indicated an increase in P50 net prospective resource on that licence to 1.73 TCF of gas (equivalent to just under 300 million barrels of oil). Following further technical work involving Halliburton (with whom the Company has extended its MOU to February 2018) in December 2016 the Company announced a resource update on the Zechstein prospects located on Licence P2252, indicating a significant increase in P50 Prospective Resources from 162 BCF to 636 BCF (equivalent to 110 million barrels of oil).

As a result of this work, the Company increased its total combined P50 Prospective Resources from 845 BCF of gas to 2.37 TCF (approximately 410 million barrels of oil equivalent).

The Company continues to hold an option over 25% of Licences P2156 and P1944 in the Moray Firth containing the Fynn & Penny prospects, which the operator estimates could contain approximately 220 million barrels (55 million net) of potentially recoverable oil.

Farm-out

The Company is now focussed on attracting industry partners in order to ultimately fund the drilling of one or more wells on its two production licences in the Southern North Sea.

The farm-out process has now formally commenced and the data room has been opened. While at an early stage, the Company has so far had an encouraging response from a number of potential farm-in partners.

Board appointment

In December 2016, the Company strengthened the Board with the appointment of Mr Mark Lappin as a Non-Executive Director. Mark has been in the oil and gas industry for over 35 years and has held positions with major companies, most recently at Centrica. His technical and commercial experience will be invaluable as the Company enters the next stage in its development.

Funding

Having completed a fundraising of £1.8 million (before expenses) in November 2016, the Company is now well placed to fund the next stage in the Company's development. As at 31 December 2016, the unaudited cash position of the Company was £1.7 million.

Outlook and Strategy

The Company's priority for 2017 is to secure the farm-out of one or more of its key prospects. However, at the same time, the Company is continuing to quantify and de-risk known leads and prospects on both existing licences. A further application has been made for a licence in the UK's 29th Licencing Round and the Company plans to participate in the 30th Licensing Round which is expected to be opened in H1 2017. The Company will also continue to look at opportunities to expand and diversify its asset base, with a view to creating a balanced portfolio of oil and gas assets.

The Company also continues to benefit from having no debt and relatively low work commitments associated with its licences.

Commenting, CLNR's Chairman and Chief Executive Algy Cluff said: "While 2016 was another challenging year for the natural resources sector as a whole, we believe that the outlook has greatly improved both for the sector and the Company. We have made significant progress in 2016 on a number of fronts, not least the near trebling of our estimated prospective resource base. In particular, we were delighted to be able to publish our revised CPR demonstrating the potential of our Licence P2248 and to follow this up by securing funding for the coming year. We anticipate expanding our portfolio in 2017 and are confident that our enhanced understanding of our existing licences will facilitate the process of attracting farm-out partners with the ultimate aim of drilling one or more wells on these highly prospective assets."

****ENDS****

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