

30 April 2019

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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

Shell U.K. Limited Exercises Option on P2437

Cluff Natural Resources Plc, the AIM quoted natural resources investing company with a high impact exploration and appraisal portfolio focused on the Southern and Central North Sea, is pleased to announce that Shell U.K. Limited ("Shell") has today exercised its exclusive option under the option agreement dated 8 February 2019 between the Company and Shell (the "Option Agreement") to farm in to Licence P2437.

Highlights

- Under the terms of the Option Agreement, Shell will receive a 50 per cent. working interest in Licence P2437, which contains the 291 BCF Selene prospect (P50 Gross Prospective Resources).
- Shell will pay a total consideration of USD\$600,000 to the Company following completion, part of which was received in February 2019.
- Completion of the farm in is conditional on the entering into of a Joint Operating Agreement and obtaining regulatory consent from the Oil & Gas Authority (the "OGA"). Application for OGA consent will be made immediately and completion is expected before the end of Q2.
- On completion of the farm in, Shell has indicated its intention to commit to drill an exploration well on the Selene Prospect at the soonest possible opportunity.
- Under the Option Agreement, Shell will pay 75% of the cost of an exploration well, including testing, subject to an aggregate cap of USD\$25,000,000.

Commenting, Cluff's Chief Executive Graham Swindells said:

“We are delighted to be able to continue to build on our relationship with Shell in the Southern North Sea following confirmation that they will now partner with us on Licence P2347, in addition to our existing partnership on Licence P2252, containing the 309 BCF (P50 Gross Prospective Resources) Pensacola prospect (Cluff, 30% working interest).

Shell's continuing interest in the Company's portfolio of Southern North Sea prospects is a testament to our licensing strategy and the ability of our technical team to identify, evaluate and communicate the potential of overlooked opportunities within the UK's mature basins.

The Company now has direct visibility over the future drilling activity of two prospects containing gross P50 Resources of c. 600 BCF of gas. Both opportunities have the potential to create significant value for shareholders whilst reducing the overall exploration risk profile through a portfolio approach.

We look forward to working closely with Shell over the coming months to progress the various workstreams to support the well investment decision.”

Background - The Selene Prospect

- Licence P2437 was awarded to the Company in the UK's 30th Licensing Round and has an effective date of 1 October 2018 with the first term of the licence running for a period of six years.
- The prospect is imaged by high quality 3D seismic data and is highly analogous with a number of nearby fields including the Shell operated Barque gas field.
- The licence commitments associated with Phase A of the licence have been discharged and the Company will be working with Shell to ensure that exploration drilling on the Licence can take place at the soonest possible time.
- P2437 contains the Selene prospect which is estimated to contain unaudited mean GIIP of 509 BCF (equivalent to approximately 90 mmboe) in a four-way dip closed structure in the Leman Sandstone. P50 Prospective Resources associated with the Selene Prospect are estimated at 291 BCF (or approximately 50 mmboe).
- The Selene prospect is considered low risk with an estimated Chance of Success of 39%.

- The prospect is located approximately 20 kilometres from infrastructure associated with the Barque gas field which ultimately feeds the Bacton gas processing plant.
- A number of other prospects have also been identified on the block which are covered by existing seismic data and will be evaluated in due course.

****ENDS****

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Notes to Editors

Cluff Natural Resources is a natural resources investing company listed on the AIM market on the London Stock Exchange (CLNR.L) with a high impact portfolio of operated and, following a farm-out to Shell U.K. Ltd in February 2019, non-operated exploration and appraisal assets located within the UKCS's mature hydrocarbon basins. The Company's diversified portfolio contains near term, infrastructure focussed oil and gas exploration drilling opportunities in both the Central and Southern North Sea together with larger, high impact opportunities in new play types along the northern margin of the Southern Gas Basin.

The portfolio has a significant P50 prospective resource base in excess of 2.4 TCF (gross, gas equivalent) across a number of prospects with chances of success ranging from 9% to 49%.

Cluff Natural Resources is focused on extracting much needed gas from the North Sea to supply the UK's energy mix which is currently heavily reliant on foreign supply. Following its successful farm-out of Licence P2252 and P2437 to Shell U.K. Limited, the Company is looking forward to 3D seismic acquisition over the Pensacola prospect in the summer of 2019 and is seeking to repeat this farm-out success with its licences awarded in the 30th Offshore Licencing Round including licence P2352 which contains the Dewar oil prospect.

The Company has a strong institutional investor base and a portfolio which offers a unique opportunity of high quality, low risk and low-cost drilling prospects with potentially high impact results in an area where recent exploration has targeted both mature and new plays and has resulted in large discoveries.

Standard

The technical information contained in this announcement has been prepared in accordance with the March 2007 guidelines endorsed by the Society of Petroleum Engineers, World Petroleum Congress, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers Petroleum Resource Management System.

Qualified Person

Andrew Nunn, a Chartered Geologist and Chief Operating Officer of CLNR, is a "Qualified Person" in accordance with the Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange. Andrew has reviewed and approved the information contained within this announcement.

Glossary of Technical Terms

BCF: Billion Cubic Feet

TCF: Trillion Cubic Feet

GIIP: Gas initially in place

Chance of Success (GCoS): 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.

Mmboe: Million barrels of oil equivalent

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.

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.