

25 November 2019

Cluff Natural Resources Plc ('CLNR' or 'the Company')
Operational and Licence Update

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 gas basin, is pleased to provide an operational update in relation to its portfolio of UK exploration licences as well as applications for additional licences which have the potential to significantly enhance the licence portfolio.

32nd Offshore Licence Round

Following success in the previous major offshore licensing round in 2018 when the Company was awarded six licences, the Company is pleased to confirm that it has submitted multiple applications for additional licences in the UK Oil & Gas Authority's latest 32nd UK Offshore Licensing Round.

The Company's applications are focussed on its current core operational areas in the Southern Gas Basin and Central North Sea and are designed to be complementary to the existing portfolio. The blocks applied for contain oil and gas prospects that are consistent with the Company's strategy of growing its licence portfolio by:

- Identifying and targeting overlooked and/or less well understood opportunities;
- Targeting prospects in close proximity to existing infrastructure, thus enhancing the potential for commercial development; and
- Creating value through investment in technical work, farm outs and introducing partners with a view to drilling

All of the applications have been made solely by CLNR, with the exception of one which has been made jointly with an established international operator.

UK Oil and Gas Authority ("OGA") guidance indicates that licence awards are likely to take place in Q2 2020. Further announcements will be made in due course.

Success in this licensing round would further expand, enhance and diversify the Company's existing portfolio. The Board views the blocks applied for as being highly prospective with many containing undeveloped discoveries and exploration upside which could significantly enhance both the pipeline of potential drilling opportunities and the overall prospective resources associated with the Company's portfolio.

P2252 – Pensacola (CLNR 30%)

Licence P2252 contains the Pensacola prospect which is estimated to contain gross P50 prospective resources of 309 BCF, with additional upside on the block associated with the Lytham and Fairhaven prospects. In May 2019, the Company completed the farm-out of Licence P2252 to Shell UK Limited (“Shell”). Shell has a 70 per cent. working interest in Licence P2252, with the Company retaining a 30% non-operated interest.

The new 3D seismic survey acquired over the Pensacola prospect in August of this year, along with legacy 3D data over the Lytham and Fairhaven prospects, is currently undergoing pre-processing before being delivered to Shell’s in-house processing team early in the new year for further expert analysis and interpretation.

The Board understands that delivery on the final volumes is on schedule for mid-2020 and will be followed by a period of re-interpretation with well investment decision before the end of November 2020.

The Zechstein Reef Play on Pensacola has seen significant activity and successful drilling over the last six months with Rathlin Energy announcing a significant discovery at West Newton, in East Yorkshire, where a 65m hydrocarbon column was confirmed in the West Newton A-2 well. Offshore, ONE Dyas are reported to have recently discovered hydrocarbons in the Darach Central-1 well which was testing both a Zechstein Reef and a deep Carboniferous target.

P2437 – Selene (CLNR 50%)

Licence P2437 contains the Selene prospect which is estimated to contain gross P50 prospective resources of 291 BCF with additional upside on the block associated with the Sloop discovery and the Endymion prospect. Completion of the farm-out of 50% of Licence P2437 to Shell occurred in August 2019.

CLNR and Shell have taken delivery of the most recently processed version of 3D seismic data which has been acquired from a previous licence operator. Both parties are now actively working with the available data and continue to work towards making a well investment decision on the Selene prospect and drilling a well at the soonest possible opportunity.

P2352 – Dewar (Central North Sea) (CLNR 100%)

The Dewar Prospect on Licence P2352 is estimated to contain up to 272 million barrels of light oil (P10 STOIIP) with P50 Prospective Resources of 39.5 million barrels in the Forties Sandstone.

As previously indicated, the Company has been running a farm-out process on the Dewar Prospect which is located close to (<5km) the BP operated Eastern Trough Area Project (ETAP) Central Processing Facility in the Central North Sea. The prospect has generated a significant amount of interest and there are a number of

established operators currently in the project dataroom. Now that the 32nd OGA Licensing Round is complete, the Board expects this process to gather momentum and will aim to draw this process to a close in the coming months.

A feasibility study carried out by io oil & gas consulting has estimated the Dewar project to have a post-tax NPV10 of £555 million and a post-tax project IRR of 123%, in a P50 prospective resource scenario.

P2428 – Cupertino (CLNR 100%)

The Company has recently taken delivery of over 850 line kilometres of reprocessed 2D seismic over Licence P2428 which contains the Cupertino prospect. This legacy data was originally acquired in 1992 and has been reprocessed to pre-stack depth migration (pre-SDM) using the latest processing workflows, which has resulted in a significant uplift in image quality throughout the dataset.

This newly reprocessed data is currently being interpreted in house, focussing on the early Carboniferous section which includes the TCF scale Cupertino prospect, as well as new opportunities that the Company has identified in the Zechstein and a possible westwards extension of the Rotliegendes play fairway which may be analogous to the Cygnus field.

Further technical work is required, and the Company will update the market in due course. It is now considered likely that the area will need new 3D seismic data acquired across the prospective areas before a drilling opportunity can be fully defined and to that end the Company will seek to acquire this seismic, ideally by way of farm-out, in 2020.

P2424 – Cortez (CLNR 100%)

The Company is engaging with seismic reprocessing contractors and will seek to commence reprocessing of the legacy 2D seismic dataset over licence P2424, which includes the Cortez Prospect. The Company expects to see a significant uplift in data quality which will help mature the Cortez prospect which has many similarities to the nearby Breagh gas field.

Delivery of the final reprocessed seismic data will be expected within six to nine months following the formal start of reprocessing.

Graham Swindells, Chief Executive Officer of Cluff Natural Resources commented:

“We have made significant investment in this latest licensing round which has allowed us to submit multiple high quality applications in our core areas of the Southern North Sea and Central North Sea where we have already demonstrated success. The blocks applied for contain a number of drilled discoveries, undrilled prospects and leads and, if awarded, will build scale, further diversifying the investment portfolio and significantly enhancing the Company’s resource base which we anticipate will create a strong pipeline of future drilling opportunities.”

“We are also very pleased with the significant progress being made on the existing portfolio, in particular on the Pensacola and Selene licences, which Shell farmed into earlier this year, as we work towards a firm well commitment on Selene and Pensacola. Furthermore, our farm out process on the Dewar prospect has generated significant interest which we believe will strengthen with the licensing round behind us.”

“This is an exciting time for the Company as we continue to deploy our high-impact exploration-based strategy in a sought-after area.”

****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. Limited 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 a successful farm-out of Licence P2252 and P2437 to Shell U.K. Limited the Company is seeking to repeat this farm-out success with its other 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.

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.

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).

Glossary of Technical Terms

BCF:	Billion Cubic Feet.
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.
GIIP:	Gas Initially In Place.
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.

PRMS: Petroleum Resources Management System (2007).

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.

STOIIP: Stock tank oil initially in place is the estimated amount of crude oil present in a hydrocarbon reservoir prior to production taking place.

TCF: Trillion Cubic Feet.