25 August 2015

Cluff Natural Resources Plc ('CLNR' or 'the Company')
Interim Results

Cluff Natural Resources Plc, the AIM quoted natural resources investing company, is pleased to announce its interim results for the six months ended 30 June 2015.

Highlights

- Continuing to build substantive portfolio of Underground Coal Gasification ('UCG') Licences inshore UK – portfolio totals 690km^2
- Progressing Conventional Hydrocarbon licences in the Southern North Sea – portfolio stands at eleven blocks within five licences
- Significant progress made under Memorandum of Understanding with Halliburton on Southern North Sea and UCG assets
- Progression of flagship Kincardine UCG project in the Firth of Forth, Scotland - site selection studies, environmental work, modelling and engineering design work required to support this planning application are underway
- Expanding foothold of UCG licences around Firth of Forth - Awarded additional Frances Licence
- Extension granted for two UCG licences in Cumbria, England, to include conventional mining rights in addition to UCG
- Successfully completed fundraise of £2.2 million in March 2015
- Cash position of £1.94 million (31 December 2014: £1.21 million; 30 June 2014: £2.18 million)
- Cash used in operations for the period of £807,972 (2014: £757,991)
- Loss for the period of £744,668 (2014: £809,052)

Chairman and CEO's Statement

This interim report updating our shareholders and key stakeholders on the affairs of your company is set against the backdrop of a remarkable domestic General Election result and extraordinary activity in the prices of commodities where the velocity of change is without precedent in modern times. Your Company's business remains balanced between the unconventional Underground Coal Gasification (UCG) in the UK where we hold 690km^2 of licences and the conventional hydrocarbon licences in the Southern North Sea where we hold licences over 11 blocks. Both of these parts of our businesses are covered by the Memorandum of Understanding with Halliburton, a major oil and gas services company, which we entered into earlier this year. Much executive time has since been invested in advancing our cooperation with Halliburton during the period under review.

Our UCG aspirations are governed by two parallel missions – the operational and the educational. Operationally we have focused largely on our licences in the Firth of Forth in Scotland, where we are continuing to work towards the commercialisation of our first deep underground coal gasification project. In our judgment the gasification of the coal contained under these licences would represent a major advance towards Scottish energy self-sufficiency and is therefore entirely consonant with the concept of Scottish independence. Certain correspondence recently obtained under the Freedom of Information Act between myself and the Scottish Government make it manifestly clear that, as we see it, the interest of Scotland and of the development of UCG are synonymous. Indeed the same argument applies to the whole of the United Kingdom as our coal fired power stations are taxed into oblivion without any coherent policy being in place to bridge the disturbing gap between sufficiency and calamity.

Argument in the United Kingdom has now polarised between, on the one hand, those of us who are aware of the energy security threat and anxious to act for the national good, and those groups which argue that fossil fuels be left in the ground regardless of scientific argument to the contrary. This is an affray which can only be adjudicated by political means. It would be wrong for me to not mention an additional burden with which the oil and gas industry in the UK has to contend – planning.

Indeed in the context of shale gas and UCG I would contend that planning constitutes a level of risk which is significantly higher than the geological or exploration risks. Assuming that with all due respect to our opponents, common sense prevails and political support is forthcoming for the unconventional resources business, it is in the planning context that Government can, and I argue, must, help. In short, planning for approvals for energy related projects should be vested in the control of Central Government. The existing system is not consistent with the construction of a safe, economic and secure energy policy – indeed I fear parts of the UK deteriorating into industrial wastelands unless a sense of real urgency evolves rapidly.

Notwithstanding the above, we have been very active through our Chief Operating Officer, Andrew Nunn, in preparing the ground for the submission of a planning application in the Firth of Forth at our Kincardine licence which involves coordination and discussion with the various official bodies which direct such matters. I believe this has resulted in a much better understanding of UCG at local and national levels. It remains, therefore, our avowed intention to seek approval to install a pilot plant as soon as is practicable to generate limited production from the Firth of Forth before constructing Britain's first UCG plant. While we continue to work with regulators and Halliburton on the technical aspects of the demonstrator project there are a number of external factors, including the on-going commission recently set up by the Scottish Government to review Scotland's energy needs which is due to report in September 2015, a motion at the SNP Party Conference calling for the inclusion of UCG in its moratorium on onshore oil and gas and the Scottish Parliamentary Elections in May 2016, which have the ability to impact the development of the Kincardine Project. Accordingly we have deemed it prudent to await clarity on these matters before committing fully to, in particular, the expense of an Environmental Impact Study. As a result, work on a planning application will likely be postponed until after such time as the political situation is more certain. Preparatory work including site selection studies, modelling and design work are however well underway.

I now turn to our conventional interests which, for the reasons adduced above, represent a more immediate and tangible commercial opportunity to shareholders. The eleven Southern North Sea blocks (contained within five licences) which were awarded to your Company in the 28th Round of licensing in December last year hold out even greater promise than we had originally anticipated. A number of factors have contributed to that situation. Firstly within the licence area there is a gas discovery made some twenty years ago – long before the advent of hydraulic fracturing. At the time it was felt that given the tight characteristics of the reservoir it was unlikely that the gas would flow at a commercial rate. However, it is indeed fortunate that our relationship is with Halliburton as they are world leaders in offshore hydraulic stimulation (which they have successfully applied on the neighbouring Breagh Field) and we are working together to determine drilling locations for at least two appraisal wells to which we would commit in 2016. Other factors which have justified our decision to apply for these licenses have been the significant improvement in the quality of 3D seismic data together with the revelation that an entirely new potential horizon has emerged in the deeper Carboniferous sandstones. We are now working with our team of consultants to calculate and publish a potential gas in place figure in Q4 2015 prior to determining the location of our first well in this mature basin.

We believe that the southern gas basin of the North Sea is a tremendous national asset for our country and will continue to be for many years to come. The Coalition Government's decision to support a huge offshore wind farm above it is therefore all the more questionable – if not irresponsible. Not only does this require enormous subsidy from the tax payer but it renders inaccessible potential gas fields which would be discovered and developed by the oil and gas industry at no cost to the tax payer.

The North Sea holds out the real possibility of revealing many more commercial oil and in particular gas fields. We have urged the Chancellor to support the UK exploration industry in a manner exemplified by the Norwegian Government, where a 78% rebate of the cost of an exploration well is provided. This has galvanized exploration and led to the discovery of large new fields in Norway.

Nonetheless we are satisfied with the quality of the North Sea licences which we are fortunate to have been awarded and keenly anticipate the challenge of drilling them. Your board is also in discussion with the Governments of two other countries for licences with a view to adding an international context to our conventional oil and gas portfolio within the next twelve months.

The next twelve months may well see the creation of a new generation Cluff hydrocarbon company.

Financial Review

In the six months to 30 June 2015 the Company incurred a loss for the period of £744,668 compared with a loss of £809,052 for the six months to 30 June 2014. This reduction in expenditure reflects steps the Company has taken to reduce its overheads, despite an increased level of activity across the business following the award of the Company's Southern North Sea licences at the end of 2014. The current period loss includes non-cash share based payment charges of £48,972, compared with £80,810 for the six months to 30 June 2014.

Cash used in operations for the six months to 30 June 2015 totalled £807,972 (2014: £757,991). In addition, £271,006 of expenditure incurred was capitalised (six months to 30 June 2014: £4,373) representing costs directly related to the development of the Company's Kincardine UCG licence and the five Southern North Sea licences.

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 and a further 7,791,188 Placing Shares to be issued on 11 September 2015.

Cash proceeds from the Placing received in the period were £1.88m (before costs of £75,450). The Company expects to receive additional cash of £331,000 when the further Placing Shares are issued on 11 September 2015.

Cash balances as at 30 June 2015 stood at £1.94 million (31 December 2014: £1.21 million; 30 June 2014: £2.18 million).

J G Cluff
Chairman & Chief Executive
25 September 2015

UNAUDITED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE LOSS

Period ended 30 June 2015

	Note	Period ended 30 June 2015	Period ended 30 June 2014	Year ended 31 December 2014
		Unaudited	Unaudited	Audited
		£	£	£
Administrative expenses		(750,734)	(822,876)	(1,744,886)
Operating loss		(750,734)	(822,876)	(1,744,886)
Finance income		6,066	13,824	19,872

Loss before taxation		(744,668)	(809,052)	(1,725,014)
Taxation		-	-	-
Loss and comprehensive loss for the period attributable to equity holders of the Company		(744,668)	(809,052)	(1,725,014)
Loss per ordinary share (pence) – From continuing operations: basic and diluted	**3**	(0.43)p	(0.52)p	(1.11)p

UNAUDITED BALANCE SHEET

At 30 JUNE 2015

	Note	30 June 2015	30 June 2014	31 December 2014
		Unaudited	Unaudited	Audited
		£	£	£
NON-CURRENT ASSETS				
Intangible Assets		524,303	21,429	254,219
Property, Plant and Equipment		8,058	12,574	10,642
Investment in subsidiary		251	1	251
Other receivables		53,688	53,688	53,688
		586,300	87,692	318,800
CURRENT ASSETS				
Trade and other receivables		79,672	125,779	172,719

Cash and cash equivalents		1,937,801	2,182,038	1,207,638
		2,017,473	2,307,817	1,380,357
TOTAL ASSETS		2,603,773	2,395,509	1,699,157
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY				
HOLDERS OF THE COMPANY				
Share capital	**4**	996,112	775,000	775,000
Share premium		6,037,174	4,454,287	4,454,287
Share-based payment reserve		638,022	543,937	589,050
Retained deficit		(5,171,048)	(3,510,418)	(4,426,380)
TOTAL EQUITY		2,500,260	2,262,806	1,391,957
CURRENT LIABILITIES				
Trade and other payables		103,513	132,703	307,200
TOTAL LIABILITIES		103,513	132,703	307,200
TOTAL EQUITY AND LIABILITIES		2,603,773	2,395,509	1,699,157

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2015

Share-
based

	Share capital	Share premium	payment reserve	Retained deficit	Total
	£	£	£	£	£
For the period ended 30 June 2015					
At 1 January 2015	775,000	4,454,287	589,050	(4,426,380)	1,391,957
Loss and total comprehensive loss for the period	-	-	-	(744,668)	(744,668)
Issue of shares	221,112	1,658,337	-	-	1,879,449
Costs of share issue	-	(75,450)	-	-	(75,450)
Share-based payment	-	-	48,972	-	48,972
At 30 June 2015 (Unaudited)	996,112	6,037,174	638,022	(5,171,048)	2,500,260
For the period ended 30 June 2014					
At 1 January 2014	775,000	4,454,287	463,127	(2,701,366)	2,991,048
Loss and total comprehensive loss for the period	-	-	-	(809,052)	(809,052)
Share-based payment	-	-	80,810	-	80,810
At 30 June 2014 (Unaudited)	775,000	4,454,287	543,937	(3,510,418)	2,262,806
For the period ended 31 December 2014					
At 1 January 2014	775,000	4,454,287	463,127	(2,701,366)	2,991,048
Loss and total comprehensive loss for the period	-	-	-	(1,725,014)	(1,725,014)
Share-based payment	-	-	125,923	-	125,923
At 31 December 2014 (Audited)	775,000	4,454,287	589,050	(4,426,380)	1,391,957

UNAUDITED CASHFLOW STATEMENT

Period ended 30 June 2015

	Period ended 30 June 2015	Period ended 30 June 2014	Year ended 31 December 2014
	Unaudited	Unaudited	Audited
	£	£	£
Cash flows from operating activities			
Loss before taxation	(744,668)	(809,052)	(1,725,014)
Adjustments for:			
Investment income	(6,066)	(13,824)	(19,872)
Depreciation	2,852	2,633	5,077
Amortisation	922	1,101	2,023
Share-based payments	48,972	80,810	125,923
	(697,988)	(738,332)	(1,611,863)
(Increase) / decrease in trade and other receivables	93,703	20,061	(26,233)
Decrease in trade and other payables	(203,687)	(39,720)	104,772
Net cash used in operating activities	(807,972)	(757,991)	(1,533,324)
Cash flows from investing activities			
Purchase of intangible assets	(271,006)	(4,373)	(208,081)
Purchase of property, plant and equipment	(269)	-	(573)
Proceeds on disposal of property, plant and equipment	-	-	61

Interest received	5,411	13,131	18,534
Investment in subsidiary	-	-	(250)
Net cash used in investing activities	(265,864)	8,758	(190,309)
Cash flows from financing activities			
Proceeds from share issue	1,879,449	-	-
Expense of share issue	(75,450)	-	-
Net cash from financing activities	1,803,999	-	-
Increase / (Decrease) in cash and cash equivalents	730,163	(749,233)	(1,723,633)
Cash and cash equivalents at beginning of period / year	1,207,638	2,931,271	2,931,271
Cash and cash equivalents at end of period / year	1,937,801	2,182,038	1,207,638

Notes to the financial information

Period ended 30 June 2015

1. GENERAL

The interim financial information for the period to 30 June 2015 is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

2. ACCOUNTING POLICIES

The interim financial information in this report has been prepared on the basis of the accounting policies set out in the audited financial statements for the period ended 31 December 2014, which complied with International Financial Reporting Standards as adopted for use in the European Union ("IFRS").

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an on-going process of review and endorsement by the European Commission.

The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 31 December 2015, with the exception of IAS 34 Interim Financial Reporting.

The Directors have adopted the going concern basis in preparing the financial information. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the foreseeable future.

The condensed financial information for the period ended 31 December 2014 set out in this interim report does not comprise the Group's statutory accounts as defined in section 434 of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2014, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified; did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006, and did not include reference to any matters to which the auditor drew attention by way of emphasis.

3. LOSS PER SHARE

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 period.

Given the Company's reported loss for the period, share options and warrants are not taken into account when determining the weighted average number of ordinary shares in issue during the year and therefore the basic and diluted loss per share are the same.

Basic and diluted loss per share

	Period ended 30 June 2015	Period ended 30 June 2014	Year ended 31 December 2014
Loss for the period (£)	(744,668)	(809,052)	(1,725,014)
Weighted average number of ordinary shares (number)	173,812,815	155,000,000	155,000,000

Loss per share from continuing operations	(0.43)p	(0.52)p	(1.11)p

If the Company's share options and warrants were taken into consideration in respect of the Company's weighted average number of ordinary shares for the purposes of diluted earnings per share, it would be as follows:

	Period ended 30 June 2015	Period ended 30 June 2014	Year ended 31 December 2014
	Number	**Number**	**Number**
Potential dilutive effect of share options and warrants	49,752,707	53,648,840	53,336,438
Weighted average number of ordinary shares for the purposes of diluted earnings per share	223,565,522	208,648,840	208,336,438

4. SHARE CAPITAL

a) Share Capital

The Company has one class of Ordinary share which carries no right to fixed income nor has any preferences or restrictions attached.

Issued and fully paid:

	30 June 2015	30 June 2014	31 December 2014
	£	£	£

199,222,332 Ordinary shares of 0.5p each (June 2014: 155,000,000 Ordinary shares)	996,111	775,000	775,000

On 15 April 2015, 44,222,332 shares were issued by way of a placing at an issue price of 4.25p per share. As part of this placing, a further 7,791,188 shares are expected to be issued on 11 September 2015.

5. COPIES OF INTERIM REPORT

Copies of the interim report are available to the public free of charge from the Company at Cluff Natural Resources Plc, Third Floor, 5-8 The Sanctuary, London SW1P 3JS during normal office hours, Saturdays and Sundays excepted, for 14 days from today and are available on the website at www.cluffnaturalresources.com.

Investing policy

In addition to the development of the UCG licences CNR 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.

The Directors believe that the Investing Policy can be substantially implemented within 18 months of Admission. If this is not achieved, the Company will seek Shareholder consent for its Investing Policy or any changes thereto at the next annual general meeting of the Company and on an annual basis thereafter, until such time that its Investing Policy has been implemented. If it appears unlikely that the Investing Policy will be achieved, the Directors may consider returning the remaining funds to Shareholders.

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.

****ENDS****

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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 690km².
- 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.