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

24 August 2016

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

Interim Results and Resource Update

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 2016 and an update regarding a potentially significant increase to the prospective resources of its Southern North Sea gas prospects.

Highlights

- Additional prospects identified on Licence P2248 in the Southern North Sea in the Carboniferous and Triassic are expected to increase the Company's estimated net P50 prospective resource to in excess of 3 TCF of natural gas from 760 BCF, subject to independent review and revised Competent Persons Report
- 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
- Unitisation of Licence P2253 with Licence P2258 (Simwell and Burgate) where a significant Carboniferous structure has been identified
- Extension of MOU with Halliburton for a further two years to February 2018
- Resource update and CPR expected to facilitate formal farm out discussions to fund forward work programmes, including the drilling of one or more wells
- Successfully completed fundraise of £727,000 in April 2016
- Cash position of £955,000 (31 December 2015: £1.1 million; 30 June 2015: £1.94 million)
- Cash used in operations for the period reduced to £665,836 (H1 2015: £807,972)
- Loss for the period reduced to £662,473 (H1 2015: £744,668)

Chairman and CEO's Statement

For those of us whose destiny is linked to the UK North Sea, the saga of Brexit has resulted in a completely new slate of Ministers in a new Ministry led by a Prime Minister who clearly has new ideas about energy policy. Whether these ideas will embrace a determination to revive the North Sea will soon be evident, and you can be assured that your management have made the appropriate representations.

The North Sea, in our judgement, still contains much undiscovered oil and gas, but it is evolving into a secondary phase which will rely on the independent or smaller companies to conduct exploration, rather than the majors. We are accordingly hopeful that the new Secretary of State for Business and Energy will recognise this and offer assistance. That could be achieved simply by the removal of, or even reduction in, proposed subsidies amounting to billions of pounds of taxpayers' money for new offshore wind farms many of which are foreign owned and in some cases sterilising access to gas from geology in the Southern North Sea.

Just a fraction of that subsidy could be made available by, for example, the Oil and Gas Authority participating as a joint venture partner in exploration wells, with the percentage of the other participant holder(s) being determined by the financial need of the participating company. If such a concept becomes a reality, I can foresee a large amount of exploration activity occurring rapidly with enormous benefits to the UK's energy, security, wealth and employment.

Within our portfolio of licences in the Southern North Sea, we are fortunate to have multiple prospects, however one block in particular (P2248) is providing us with increasing confidence of being host to multiple exploration targets which will take our total P50 prospective resource estimate to in excess of 3 TCF of gas. To put this in context, the UK's total annual consumption of gas is approximately 3 TCF. Technical evaluation is continuing by independent assessors, which is expected to conclude with the publication of a Competent Persons Report ('CPR') in September 2016.

Clearly, to drill this licence area must be our absolute priority as the potential impact on our capitalisation as a company would be transformational in a success case. We also retain our options to acquire up to 25% of three licences over two drill-ready oil prospects in the Moray Firth and the Central North Sea.

While many larger oil and gas companies are faced with levels of debt and work commitments which are unsustainable, our company remains debt free and without onerous work commitments. We also continue to develop our strategic relationship with Halliburton, with our MOU being extended in February this year, for a further two years.

The UK gas price has been encouragingly stable recently. The Southern North Sea geology is highly prospective and in the Southern North Sea there exists infrastructure together with access to market. I believe that these factors, combined with a benevolent government attitude, would render the UK's Southern North Sea one of the most prospective offshore gas areas in the world.

Operating Review

The Company has continued to develop its portfolio of North Sea assets through ongoing technical work on its existing gas assets and a number of low cost transactions and exclusive options which have enhanced and diversified the potential resource base. These actions have also given the Company the opportunity for near term drilling activity on two high impact drill-ready exploration targets. The increase and subsequent stabilisation of the oil price during the period has to some degree increased confidence within the industry. This provides for a much improved opportunity to farm-down and successfully develop our mostly 100% equity position in these licences.

Subsurface work producing exciting results in Southern North Sea

In conjunction with our retained subsurface consultants, Lyme Bay Consulting, the Company has identified a number of highly attractive prospects and leads which are anticipated to significantly increase the Company's resource base. The results of this work are currently being independently assessed and are expected to be incorporated into an updated CPR in September 2016.

Licence P2248 – Resource Update

The most significant of these prospects, Cadence, is a large structure within the Carboniferous on licence P2248 which is positioned centrally on the Carboniferous fairway which extends from the producing Caister, Murdoch and Cavendish fields to the south-east through the recently appraised Pegasus-Andromeda complex, the Crosgan discovery and the multi-TCF Aurora prospect to the north-west. This Carboniferous fairway in the Southern North Sea contains more than 20 TCF of discovered gas and has produced over 2.3 TCF of gas to date (Source: DECC oil & gas field data to April 2016).

The Cadence prospect is a 3-way dip and fault closed structure that extends to a maximum area of 36km^2 and is expected to contain stacked sandstone reservoirs in the Millstone Grit, Yoredale, Scremerston & Fell Sandstone Formations which the Company estimates to have the combined potential to contain 1.5 TCF (range 520 BCF (P90) to 5.7 TCF (P10)) of P50 net prospective recoverable gas. To support farm-out talks the Company is currently undertaking high level well engineering studies to define the well requirements and costs for testing this prospect.

Additionally the Company's ongoing work with Lyme Bay Consulting has identified a potential new play type in the prolific, but currently less fashionable, Bunter Sandstone. Three major prospects have been defined on Licence P2248 which have a combination of structural and stratigraphic trapping mechanisms supported by amplitude anomalies characteristic of producing reservoirs in the Bunter. While technical work is on-going, it is expected by the Company that each prospect has P50 prospective resources in the range of 310 and 550 BCF.

Following the identification and assessment of these additional prospects, the Company estimates its P50 net prospective resource base to now be in excess of 3 TCF (previously 760 BCF). It is anticipated that this estimate will be confirmed and refined in a CPR which is underway and expected to be released in September 2016. It should be noted that the resource estimates in this announcement are preliminary Company estimates and are potentially subject to amendment and formalisation under PRMS for the purposes of the CPR.

Portfolio Management and Rationalisation

The Company continues to assess opportunities which are complementary to its existing assets. On 9 June 2016 the Company agreed a licence unitisation across two Southern North Sea licences (P2253 and P2258) based on the identification of a significant structure within the Carboniferous which straddles the two licence areas. Oil & Gas Authority ("OGA") approval is awaited and an update will be provided in due course. On completion, the Company will have a 50% interest in both licences with the remaining interest being shared by Simwell Resources (45%) and Burgate Exploration and Production (5%). Technical work is ongoing and being led by Simwell's experienced sub-surface team and the Company anticipates providing an update of this work in due course.

In conjunction with its acquisition strategy the Company is also acting to rationalise its portfolio and reduce costs by offsetting part of the future costs associated with the escalation of licence fees built into years three and four of the 'Promote' licences. The Company will seek to reduce its net acreage position by approximately 50% through the partial or total relinquishment of those licence areas which have been determined to be non-prospective, impaired by future windfarm developments (notably Licence P2259) which would prevent future hydrocarbon operations or which currently have insufficient data to adequately assess prospectivity. This rationalisation will allow the Company to focus on progressing its most attractive prospects and is expected to be completed by the end of the year.

The UK's 29^{th} round of offshore licencing has been announced in the last few weeks. In line with its strategy, the Company is now assessing opportunities to participate and apply for licences in this latest licencing round.

Options over Central North Sea and Outer Moray Firth oil licences

On 10 May 2016 the Company announced that it had agreed to acquire, subject to approvals, a 5% equity stake from Verus Petroleum UK Limited ('Verus') in licences P1944 and P2156 located in the Moray Firth which contain the Fynn & Penny prospects. 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 option for nine months (from May 2016) to increase its equity stake in licence P1944 and P2156 by a further 20% and a contemporaneous exclusive option for nine months to acquire a 25% stake in licence P2082 which the Company believe contains one of the best undrilled exploration targets (Skerryvore) in a mature area of the Central North Sea. All three of the above licences, two of which are effectively drill ready, are operated by The Parkmead Group. OGA approval is awaited and an update will be provided in due course.

The exercising of these options would see the Company's potential net resource base grow by approximately 100 mmboe (if the Options are exercised), based on operator estimates of contingent and prospective resources associated with the licences.

Halliburton MOU

In February 2016 the Company extended its MOU with Halliburton for two years to February 2018 and continues to work with Halliburton to accelerate the development of its assets. This collaboration with Halliburton continues to deliver innovative technical solutions for the Company in the form of proprietary seismic analysis and workflows associated with assessing the production potential of a fractured Zechstein carbonate reservoir which was previously identified in the Lytham area (Licence area P2252). This work is ongoing and is expected to take a number of months to complete.

Underground Coal Gasification

The Company's portfolio of UCG licences remains on care and maintenance pending a resolution of the Moratorium process in Scotland and emergence of a supportive policy on UCG from Westminster. We continue to review the future of the UCG portfolio of nine licences on a regular basis.

Future developments

The Company is highly encouraged by the technical work currently being carried out on its Southern North Sea Gas licences and the significant additional level of potential resource provisionally identified, particularly on Licence P2248. The Company plans to continue technical work to de-risk its prospects, further enhance the resource base and refine drilling targets. We expect both the Carboniferous Cadence prospect and the potential upside associated with the Bunter prospects on P2248 to generate significant interest from companies operating in the region and early feedback from an informal peer review process has been extremely encouraging which will facilitate the process of attracting farm out partners. While recognising the difficulties which currently affect the oil and gas sector, the Company is confident that this positive feedback will develop into formal farm-out discussions following publication of the Competent Persons Report in September 2016.

Financial Review

In the six months to 30 June 2016 the Company incurred a reduced loss for the period of £662,473 compared with a loss of £744,668 for the six months to 30 June 2015. This reduction in loss reflects additional steps the Company has taken to reduce its overheads, despite an increased level of activity across the business developing the Company's Southern North Sea licences and the recent deals announced with Verus Petroleum and Simwell Petroleum.

The current period loss includes non-cash share based payment charges of £62,240, compared with £48,972 for the six months to 30 June 2015.

Cash used in operations for the six months to 30 June 2016 was also lower at £665,836 (2015: £807,972). In addition, £174,189 of expenditure incurred was capitalised (six months to 30 June 2015: £271,006) representing costs directly related to the development of the Company's six Southern North Sea licences.

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. Admission of the shares to trading on AIM occurred in April 2016. Following this Placing there are 257,393,532 ordinary shares in issue.

Cash balances as at 30 June 2016 stood at £955,000 (31 December 2015: £1.11 million; 30 June 2015: £1.94 million).

In the preliminary results statement for the year to 31 December 2015 the Company stated that 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. Based on cash balances at 30 June 2016 and the Company's commitments, the funding position remains unchanged. Further funding will therefore 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.

JG Cluff
Chairman & Chief Executive
24 August 2016

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

BCF:	Billion Cubic Feet
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.
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.
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.

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.
TCF:	Trillion Cubic Feet

UNAUDITED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE LOSS
Period ended 30 June 2016

	Note	Period ended 30 June 2016 Unaudited £	Period ended 30 June 2015 Unaudited £	Year ended 31 December 2015 Audited £
Other administrative expenses		(664,351)	(750,734)	(1,546,752)
Impairment of exploration and evaluation assets		-	-	(336,790)
Operating loss		(664,351)	(750,734)	(1,883,542)
Finance income		1,878	6,066	11,443
Loss before taxation		(662,473)	(744,668)	(1,872,099)
Taxation		-	-	-
Loss and comprehensive loss for the period/year attributable to equity holders of the Company		(662,473)	(744,668)	(1,872,099)
Loss per ordinary share (pence) – From continuing operations: basic and diluted	**3**	(0.30)p	(0.43)p	(1.00)p

UNAUDITED BALANCE SHEET
At 30 JUNE 2016

	Note	30 June 2016	30 June 2015	31 December 2015
		Unaudited	Unaudited	Audited
		£	£	£
NON-CURRENT ASSETS				
Intangible Assets		600,071	524,303	428,128
Property, Plant and Equipment		3,169	8,058	5,890
Investment in subsidiary		501	251	501
Other receivables		53,688	53,688	53,688
		657,429	586,300	488,207
CURRENT ASSETS				
Trade and other receivables		128,755	79,672	87,702
Cash and cash equivalents		955,035	1,937,801	1,114,052
		1,083,790	2,017,473	1,201,754
TOTAL ASSETS		1,741,219	2,603,773	1,689,961
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	**4**	1,286,967	996,111	996,111
Share premium		6,425,099	6,037,175	6,037,175
Share-based payment reserve		500,346	638,022	529,292
Retained deficit		(6,705,812)	(5,171,048)	(6,134,524)
TOTAL EQUITY		1,506,600	2,500,260	1,428,054
CURRENT LIABILITIES				
Trade and other payables		234,619	103,513	261,907
TOTAL LIABILITIES		234,619	103,513	261,907
TOTAL EQUITY AND LIABILITIES		1,741,219	2,603,773	1,689,961

UNAUDITED STATEMENT OF CHANGES IN EQUITY
Period ended 30 June 2015

	Share capital	Share premium	Share-based payment reserve	Retained deficit	Total
	£	£	£	£	£
For the period ended 30 June 2016					
At 1 January 2016	996,111	6,037,175	529,292	(6,134,525)	1,428,054
Loss and total comprehensive loss for the period	-	-	-	(662,473)	(662,473)
Issue of shares	290,856	436,284	-	-	727,140
Costs of share issue	-	(48,360)	-	-	(48,360)
Share-based payment			62,240	-	62,240
Lapsed/expired options	-	-	(91,186)	91,186	-
At 30 June 2016 (Unaudited)	1,286,967	6,425,099	500,346	(6,705,812)	1,506,600
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	221,111	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)	996,111	6,037,174	638,022	(5,171,048)	2,500,260
For the period ended 31 December 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	-	-	-	(1,872,099)	(1,872,099)
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
Lapsed/expired options	-	-	(163,955)	163,955	-
At 31 December 2015 (Audited)	996,111	6,037,175	529,292	(6,134,525)	1,428,054

UNAUDITED CASHFLOW STATEMENT

Period ended 30 June 2016

	Period ended 30 June 2016	Period ended 30 June 2015	Year ended 31 December 2015
	Unaudited	Unaudited	Audited
	£	£	£
Cash flows from operating activities			
Loss before taxation	(662,473)	(744,668)	(1,872,099)
Adjustments for:			
Investment income	(1,878)	(6,066)	(11,443)
Depreciation	2,721	2,852	5,420
Amortisation	2,246	922	1,853
Impairment of intangibles	-	-	336,790
Share-based payments	62,240	48,972	104,197
	(597,144)	(697,988)	(1,435,282)
(Increase) / decrease in trade and other receivables	(41,403)	93,703	86,298
(Decrease) / increase in trade and other payables	(27,288)	(203,687)	(45,293)
Net cash used in operating activities	(665,835)	(807,972)	(1,394,277)
Cash flows from investing activities			
Purchase of intangible assets	(174,189)	(271,006)	(512,552)
Purchase of property, plant and equipment	-	(269)	(668)
Interest received	2,227	5,411	10,162
Investment in subsidiary	-	-	(250)
Net cash used in investing activities	(171,962)	(265,864)	(503,308)
Cash flows from financing activities			
Proceeds from share issue	727,140	1,879,449	1,879,449
Expense of share issue	(48,360)	(75,450)	(75,450)
Net cash from financing activities	678,780	1,803,999	1,803,999
Increase / (Decrease) in cash and cash equivalents	(159,017)	730,163	(93,586)
Cash and cash equivalents at beginning of period / year	1,114,052	1,207,638	1,207,638
Cash and cash equivalents at end of period / year	955,035	1,937,801	1,114,052

Notes to the financial information

Period ended 30 June 2016

1. GENERAL

The interim financial information for the period to 30 June 2016 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 2015, 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 2016, 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 2015 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 2015, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The report did however include reference to matters which the auditors drew attention by way of emphasis regarding going concern.

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. Based on cash balances at 30 June 2016 and the Company's commitments, the funding position remains unchanged. Further funding will therefore inevitably be required to allow the Company to fully implement its strategy and meet its working capital requirements 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.

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 2016 Unaudited	Period ended 30 June 2015 Unaudited	Year ended 31 December 2015 Audited
Loss for the period (£)	(662,473)	(744,668)	(1,872,099)
Weighted average number of ordinary shares (number)	220,809,251	173,812,815	186,621,996
Loss per share from continuing operations	(0.30)p	(0.43)p	(1.00)p

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 2016 Unaudited £	30 June 2015 Unaudited £	31 December 2015 Audited £
257,393,532 Ordinary shares of £0.005p each (June 2015: 199,222,332 Ordinary shares)	1,286,967	996,111	996,111

On 20 April 2016, 14,920,000 shares were issued by way of a placing at an issue price of 1.25p per share. As part of this placing, a further 43,251,200 shares were issued at 1.25p on 26 April 2016, subsequent to approval at the Company's General Meeting.

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.

Investment policy

In addition to the development of the UCG and North Sea 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.

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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