

10 March 2017

Highlands Natural Resources plc ('Highlands' or 'the Company')
Further East Denver Acreage Acquisition and Expanded Agreement with Renegade Oil & Gas

Highlands, the London-listed natural resources company, is pleased to announce that it has executed an expanded agreement (the "Agreement") with Renegade Oil & Gas Company LLC ("Renegade").

The Agreement both significantly enhances the Company's land position in its East Denver, Colorado, Niobrara shale play and enables operational flexibility that will provide the Highlands' engineering team with the potential to save up to US\$500,000 per well. Additionally, this Agreement, by virtue of placing direct control of the lease in the hands of Highlands, simplifies and accelerates a number of procedural, administrative and regulatory matters related to drilling additional wells beyond the first six wells specified in the original Renegade agreement.

Pursuant to the Agreement, Highlands acquired full control of the Niobrara oil and gas lease covering 640 acres in Arapahoe County, CO. The acquired lease covers Section 15 of Township 5S 64W, where Highlands had previously farmed-in to Renegade's position. Under the previous farm-out agreement, Highlands was required to drill its first four East Denver wells as tightly spaced pairs in the extreme south and extreme north of Section 15, then to spud a third pair of wells in Sections 32 and 33 to the south.

Through the new Agreement with Renegade, Highlands now has the ability to drill wells based on internal assessments of optimal spacing, well design and placement. Highlands also now holds significantly greater control and flexibility in the timing and sequencing of drilling operations, which facilitates 'pad drilling'. 'Pad drilling' is the batch drilling of multiple horizontal shale wells from a centralized operations pad. A significant advantage of this is that it enables Highlands to accelerate the original drilling timeline by consolidating multiple disparate well locations into efficient and centralised pads. Consequently, Highlands has filed increased density applications with the Colorado Oil and Gas Conservation Commission, which if approved, would take the maximum number of wells per drilling and spacing unit from 8 to 16, significantly increasing the potential number of drillable locations available to the Company.

As consideration for the lease acquired, the Company has agreed to pay Renegade US\$1.1 million in cash immediately and to issue Renegade 3,500,000 ordinary shares as soon as practicable. Consistent with earlier agreements with Renegade, in all wells drilled by Highlands on the acquired acreage, Highlands will retain a 100% working interest (full responsibility for drilling and operating costs) and will receive 80% of revenue generated by the wellbores on Renegade's acreage. All other economic terms of the new Agreement remain consistent with the amended Renegade farm-out agreement dated 19 December 2016, save that the delayed drilling penalty included in the original agreement dated 25 July 2016 no longer applies. Highlands intends to commence drilling its first six wells this summer; although

the mandatory date of first drilling has been aligned with Highlands' other East Denver farm-out agreement, and is now 1 September 2017.

Highlands' Chairman and CEO Robert Price said, "Over the past several months, Highlands has focused closely on operational and financial planning for the commencement of drilling in our East Denver Project. Our confidence in this prospect has only increased as we solidify our development plans, so much so that we have increased our goals from the original six-well agreement with Renegade to today's larger and more operationally consolidated drilling programme. This expansion requires us to complete a number of procedural measures including expanded permitting, unitisation, density spacing applications, and consolidated surface use agreements which are facilitated by the new Agreement with Renegade. In particular, we are now able to accelerate and streamline certain drilling operations and also potentially increase well density which offers important benefits to the operational and cost efficiencies of Highlands' development plans.

"As a result of this new Agreement we are delighted to welcome Renegade as a new shareholder and look forward to working with them to unlock the significant potential value in this acreage. Beyond this Agreement, we see great potential for additional collaboration with Renegade, who holds a significant land position in the East Denver Project area, and is a highly capable operator in the Denver Julesburg Basin.

"In parallel we continue to advance negotiations with potential financial partners regarding third party funding of the drilling programme in East Denver. We have developed operational plans together with a core team of contractors and consultants designed to spud our first wells in the summer of this year. I remain highly enthusiastic about the East Denver project, as it continues to offer Highlands a near-term opportunity for cash flow from a resource that has been substantially de-risked through extensive nearby drilling and production."

Renegade's President Edward Ingve said, "I am glad to announce today's agreement with Highlands, and to further expand the relationship between Highlands and Renegade. I view today's transaction as an excellent opportunity for maximizing the value available to both companies in the East Denver project through Highlands' drilling and development of the area. I have watched the Company rapidly advance towards its significant drilling programme in the East Denver project this summer, and believe that now is an opportune time to further solidify Renegade's relationship with Highlands. I am pleased to accept approximately half of the consideration for this Agreement as shares at today's market price, and I look forward to participating in any potential value uplift that we may unlock via drilling and development in the East Denver Project."

THIS RELEASE CONTAINS INSIDE INFORMATION.

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Notes to Editors

Highlands (LSE: HNR.L) is a London-listed natural resources company with a portfolio of high-potential oil, gas and helium assets and technologies. The company's core projects include:

- East Denver Niobrara: a farm-in opportunity for horizontal oil and gas wells targeting the Niobrara shale formation in a well-studied area of the Denver Julesburg Basin.
- DT Ultravert: a re-fracking and parent well protection technology with 20 patents pending in the United States and internationally. Highlands is advancing commercial conversations with a range of oil and gas operators to create revenue-sharing opportunities for DT Ultravert applications.
- Helios Two: a 105,000+ acre helium and natural gas prospect in SE Montana with drilling and assessment operations ongoing.