

7 September 2017

Highlands Natural Resources plc ('Highlands' or 'the Company')
Drilling Completed at Second East Denver Well

Highlands, the London-listed natural resources company, is pleased to announce that it successfully reached Total Depth ("TD") of 18,483 ft on the Wildhorse 5-64 15-16-1BHZ ("**Wildhorse**") well at the East Denver Niobrara Project in Colorado ("**East Denver**") on 4 September 2017. The Company finished setting and cementing casing in the well on 6 September 2017.

Similar to Highlands' first East Denver well, Powell 5-64 15-16-1CHZ ("**Powell**") where drilling and casing operations completed on 29 August 2017, oil and gas is present in the well's drill bit cuttings and drilling mud from the Niobrara formation (referred to as positive "shows" of oil and gas). Mud logging reports provided by independent contractors describe "abundant oil in samples." 100% of the lateral portion of the wellbore was successfully landed in the Niobrara formation. Initial analyses of the formation indicate an oil and gas saturated reservoir.

Highlands' Chairman and CEO Robert Price said, "We have now successfully drilled our second well in the East Denver project in-zone and to the planned depth, and initial analyses of both reservoirs are positive. The Wildhorse well was drilled to TD ahead of schedule in approximately nine days, reflecting the continued improvements and efficiency enhancements of our operational team and our contractors which in turn will enable us to commence the hydraulic fracturing process ("fracking") sooner than originally planned.

"Not only have we proved drilling efficiency, I am proud to say that we have also delivered two consecutive wellbores at East Denver in a safe and environmentally responsible manner. We will continue to hold ourselves and our contractors to rigorous health, safety and environmental standards as we progress the project through the drill programme.

"We are now moving the rig to a sideline of our location for regular maintenance, and to commence the operational preparations for the fracking process which is scheduled to commence by mid-October. I look forward to providing further updates at this exciting time for Highlands."

Summary and Next Steps

Drilling operations lasted approximately nine days at the Wildhorse well, and casing operations lasted approximately two days, which is faster than the Company's initial expectation of operations lasting approximately two weeks. The Wildhorse well was landed successfully in the Niobrara formation, and 100% of the 9,769-foot lateral portion of the wellbore is in the Niobrara reservoir according to mud logs (a highly positive result).

After casing and cementing the Wildhorse well, the rig's next operation is to move to a sideline location for regular maintenance. Highlands had previously scheduled to start hydraulic fracturing in late October or early November 2017. However, the early delivery of both the Powell and Wildhorse wells enabled an earlier "frac date" with operations now expected to commence by mid-October 2017. Schedules are subject to change based on service provider logistics, but Highlands is now preparing to commence fracturing operations based on the accelerated timeline.

Hydraulic fracturing or "fracking" will last several weeks from the time of commencement. Following this completions phase, the Company will begin the flow-back process and production process, resulting in definitive oil and gas production results, which the Company will release to the market.

Highlands has posted photos and video of the East Denver operation, including aerial drone media, to the Media page at www.highlandsnr.com.

THIS RELEASE CONTAINS INSIDE INFORMATION.

****ENDS****

For further information, please visit www.highlandsnr.com, or contact:

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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 one patent granted and additional 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.