

16 October 2017

Highlands Natural Resources plc ('Highlands' or 'the Company')
Completion of Hydraulic Fracturing and Initiation of Flow Back Operations at East Denver

Highlands, the London-listed natural resources company, is pleased to announce that it has successfully completed hydraulic fracturing operations, and is now preparing both the Wildhorse and Powell wells ("the Wells") for flowback and production of oil and gas at its East Denver Niobrara Project in Colorado ("East Denver").

Highlights

- Wildhorse and Powell wells hydraulically fractured 55 times each for a total of 110 intervals with flow-back operations targeted for the end of October 2017
- Expected commencement of production during Q4 2017
- Drilling and completions process completed safely and in accordance with state, local and national regulations
- Total time for hydraulic fracturing operations was 17 days, which was within the Company's original timeline

Highlands' Chairman and CEO Robert Price said, "The commencement of production at East Denver is a moment that the Highlands team and our dedicated investors have long-awaited. In concert with our financial and technical partners, Highlands has advanced East Denver from a greenfield project to the successful completion of two wells. Looking ahead, we are excited about the potential to drill up to 22 additional wells at East Denver, and we eagerly await the results of Wildhorse and Powell. Highlands will update the market with production results as soon as they become available."

Flow Back Process

Highlands began operations to drill out the plugs between each fracture stage on 15 October 2017, a process which takes approximately 5-7 days per well. Once the plugs are drilled out, Highlands will commence the flow-back process which is targeted for the end of October 2017. It is typical for hydraulically fractured wells to initially produce fracture fluid, then as the fracture fluid is emptied from the wellbore over a period of days or weeks, oil and gas begin to "cut in" until the production stream achieves a steady state of oil, gas and water production that is indicative of long-term performance.

At the point when the ratio of oil, gas and water stabilises, the Company will measure daily production rates and announce the initial production ("IP") of the wells.

THIS RELEASE CONTAINS INSIDE INFORMATION.

****ENDS****

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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.
- DT Ultravert: a patented re-fracking and parent well protection technology with granted and pending patents in the United States and internationally.
- Helios Two: a 105,000+ acre helium and natural gas prospect in SE Montana.